COSMOS BANK

FOREX OPERATIONS PROCESS MANUAL

INDEX

MODULE I: EXPORT

EXPORT COLLECTION

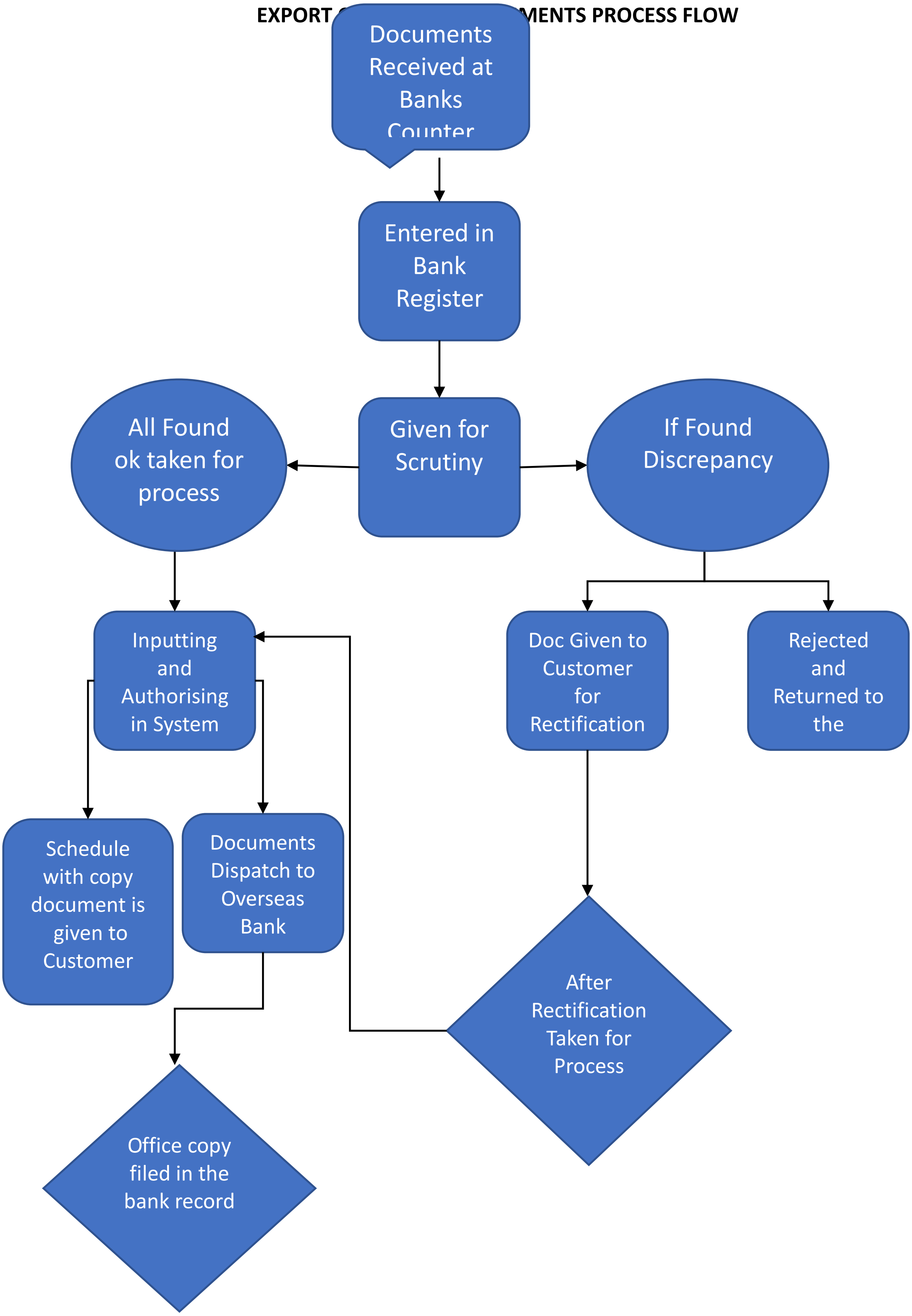
1	**Export Collection**
1.1	**Product Synopsis: -** This section covers the one of the oldest and the simplest of part of Trade Operation Process viz. handling Documents on Collection Basis. It included handling Export documents under D/P (Documents against Payment), D/A (Documents against Acceptance) and Documents on Open account (and not Under Letter of Credit). The Bank acts in accordance to collections instructions from the Client (Drawer) and sends documents to the Collecting Bank for payment / acceptance from the Drawee / Buyer. In case of Collections, banks act only as agents between the buyer and seller. The collections are governed by Uniform Rules for Collection ICC Publication No 522. In India, cross border trade is further governed by Trade Policy, Regulations under FEMA and Rules framed by f under these regulations. Just as any business, this business also is required to be handled with care and efficiency, which would generate fee-based income and foreign exchange income without any financial exposure on client. Bank assures efficient service to clients through the wide network established overseas through FI relationship.
1.2	**Operational Process (including Exceptions and Escalation)**
1.2.1	**Submission of Export Documents**
	Client / Exporter would submit the documents at the counters of Bank. Bank staff at the counter should give acknowledgment to client and properly scrutinize documents before taking it up for processing. The key points to check are; a. The covering letter is signed by the authorized person of the company. (<u>SV is done by officer at Branch.</u> b. Check Invoice value and EDF value tally. c. In cases where there is a discrepancy between the EDF and invoice amounts, explanation is sought from the client. d. In cases where the documents are not submitted within the time stipulated by RBI i.e. 21 days, it need to be ensured that the reason for late presentation is submitted by the client and held in their records. (Refer RBI Master Direction – Export of Goods and Services.C.7) e. If the invoice value is in C&F and EDF value is in FOB, check with shipping bill on notional freight declared. In case of a variation, crosscheck with client for confirmation that difference is due to freight only. f. Check RBI Caution list, shipment (Port of Loading) is not to the sanction countries. If the shipment is to sanctioned countries, or when in doubt, please refer the said transaction to AGM, Trade or Compliance dept. In no situation, this is to be discussed with Client before any instruction is received from AGM / GM / Compliance Department.

1.2.2	**Documents** Client would submit documents which can be divided into two parts 1. Documents Required for processing transaction and 2. Optional documents / additional documents 1. Documents Required for processing transaction These documents are must for processing the transaction and the transaction can be put on hold till Bank receives these documents a) Covering Letter b) Commercial Invoice c) EDF/Shipping Bill d) Bill of Lading 3 originals/Air way Bill
1.2.3	**Optional document / additional document** These are optional documents and may or may not attached as per contract between Client and its buyers a) Packing list 1 original b) Insurance Policy / Cover Note as per terms of shipment (with appropriate endorsement) c) Bill of exchange (as per payment term) d) Any other documents Note: Care be taken on AWB documents as it is non-negotiable it is consigned to overseas bank and not to the buyer and date of dispatch should be specified in the airway bill
1.3	**Document Handling Instructions** Client may give certain specific instruction to bank for Importer's Bank to handle the document in a specific way, for e.g. Exporter may ask to collect some certificates / undertaking before the documents can be handed over to Buyer, or may ask to return old export document sent earlier before new docs are handed over, etc. These instructions need to be carefully noted and clearly highlighted in Collection memo which would be prepared for Importer's Bank. If any such instruction is beyond control of Bank, it should be highlighted to AGM / GM for further instruction.
1.4	**Communication of the discrepancies** Discrepancies observed while checking the document should be communicated to the exporter in writing / email immediately, the documents received after that, next working day) seeking clarification from the client for further course of action on the same.
1.5	**Return of Documents to client for correction** a. Only the discrepant documents which client will try to rectify should be delivered to them across the counter against a proper acknowledgment.

	b. The duplicate copies of EDF and shipping documents, once submitted to the banks for negotiation, collection, etc. should not ordinarily be returned to exporters, except for rectification of errors and resubmission as per RBI. (Refer RBI Master Direction – Export of Goods and Services.C.8) If any such document has to be returned, prior approval of AGM/GM, need to be obtained and recorded. Trade officer should ensure that proper acknowledgment has been obtained while retuning the document (either for correction or just return in case of inability to process the document) with date & time and the same should be attached with copy of document for reference
1.6	**Re-submission of rectified document by Client to bank** a. Officer at the counter would issue acknowledgement to client for re-submission of rectified document only after cross verifying the original docs. b. Officer should Check for any fresh document is submitted instead of rectifying on the old document or separately additional document is submitted which was not sought by the bank. (The risk is if fresh document is submitted the same need to be re-checked fully to avoid any fresh discrepancies.) c. Officer should Re-check the rectified documents along with entire set of original documents to check for any contradiction in original docs Vs fresh docs. d. Documents can be dispatched if entire set is in order.
1.7	**Transaction Authorisation** a. The inputting and Authorisation should be done by two different authorised officials of the bank (Maker / Checker concept). b. Before authorising the transaction, the concerned official should check for the correctness of data.
1.8	**Signing of Bank's covering Schedule by bank official for dispatch.** a. Covering Schedule should be signed by Officer Authorised for dispatch post checking of all documents. Any mistakes / issue can be identified at this level post authorization. b. Courier details to be shared with client and internal follow up c. Copy of the document along with copy of banks covering letter should be given to customer for its record **d.** Delivery of the document at the overseas bank or correspondent bank should be tracked and copy of the delivery receipt should maintained with banks record
1.9	**Tracking for Payment / Acceptance/ Follow up of Overdue bills** a. Officer should Track the payment in case of immediate payment or acceptance on as per terms agreed and specified by the customer. b. Operations should send swift message of reminder, if payment / acceptance is not

	received on due date or within 10 working days of receipt of document by importer's Bank. c. Banks should closely watch realization of bills and in cases where bills remain outstanding, beyond the due date for payment from the date of export, the matter should be promptly taken up with the concerned exporter. If the exporter fails to arrange for delivery of the proceeds within the stipulated period or seek extension of time beyond the stipulated period, the matter should be reported to the Regional Office concerned of the Reserve Bank stating, where possible, the reason for the delay in realizing the proceeds**.** (Refer RBI Master Direction – Export of Goods and Services.C.15)
1.10	**Realisation of payment** A. Payment is realized immediately if it is drawn on DP terms or on due date if it drawn on DA / open account. Payment is received in the banks Nostro account and the same is identified and adjusted against the outstanding export bills in the system. B. The post shipment loan against the same, if any, is liquidated and bill is closed in the system as fully paid C. Payment can be realized Bank draft, pay order, banker's or personal cheques, Foreign currency notes/foreign currency travelers` cheques, FCNR/NRE account and from the International Credit Cards**.** D. It is obligatory on the part of the exporter to realize and repatriate the full value of goods / software / services to India within 9 months from the date of export and 15 months in case of exported to a warehouse established outside India
1.11	**Part realisation of against the bill** a. Bank may receive part payment of bill. Client need to be informed about part payment immediately and seek instruction for communication with buyer. **b.** If client confirms that this is full & final settlement of the invoice, the process of Write off need to be initiated. (The process for write off has been highlighted in Key Export Process.)
1.12	**Issuance of e-BRC** Trade Officer should upload e-BRC to DGFT site for the all export realisation received and preferable intimation to this effect should be sent or inform upfront the upon export realisation the e-BRC is issued which customer can check in the DGFT system. AD Category-I banks are required to update the EDPMS with data of export proceeds on "as and when realised basis" and, with effect from October 16, 2017, they are required to generate Electronic Bank Realisation Certificate (eBRC) only from the data available in EDPMS, to ensure consistency of data in EDPMS and consolidated eBRC. (Refer RBI Master Direction – Export of Goods and Services.C.30 of Jan 2018)

EXPORT MENTS PROCESS FLOW



EXPORT FINANCING

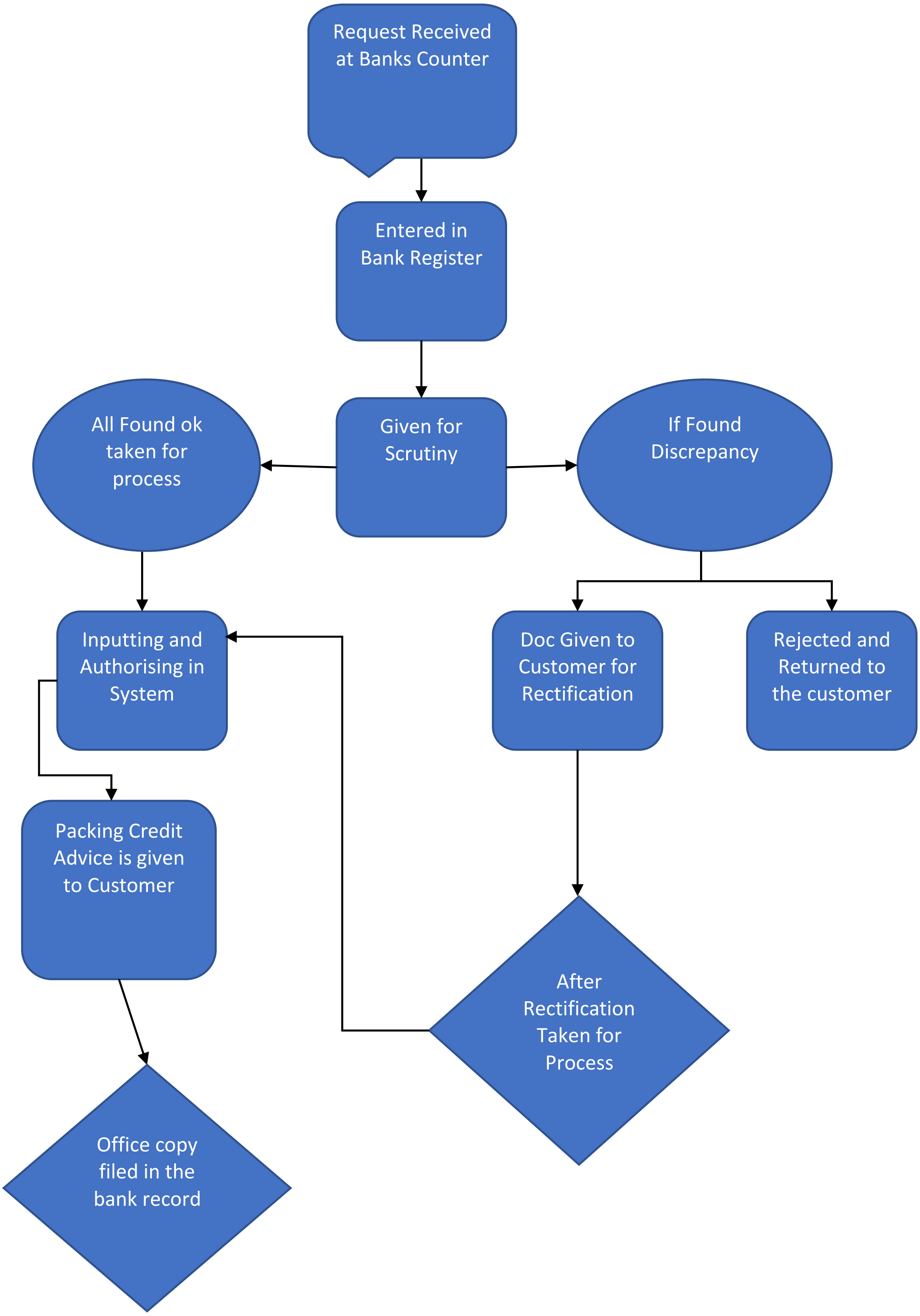
EXPORT FINANCING PRE-SHIPMENT FINANCING

2	**Pre-shipment Financing**
2.1	**Product Synopsis** Packing credit is a form of financial support extended to exporters for activities undertaken, prior to shipment or export of goods. It is a loan or advance granted to an exporter for financing purchase of raw materials, processing and packing of goods in anticipation of exporting goods and would be backed by LC or confirmed order. The procedures for these products are governed by RBI, FEMA and FEDAI guidelines issued from time to time. This Loan / advance may be granted in Rupee as well as in foreign currencies. Packing Credit is a fund-based credit facility and the bank takes a fund-based exposure on the customer. Only A & B category Branches are allowed to handle Export Financing Transaction.
2.2	**Operational Process** Packing Credit. Also, known as Pre-shipment Finance, can be granted in INR and Foreign Currency to exporters. There are two types of Packing credit which are offered to customers 1. Order based Packing credit 2. Running Account Packing Credit (Master Circular- Rupee Export Credit1.1.5) Order based packing credit is given against specific order received by Exporter whereas the running account packing credit is where time taken for manufacture and shipment of goods is more than the delivery schedule as per export contracts, exporter may have to procure raw material in anticipation of Export orders. Running account packing credit can be extended subject to following conditions; a. The need for Running account facility has been established by Exporter. * b. The track record of exporter has been good. * c. The Firm Orders / Letter of Credits should be produced with 10 days from the date of Disbursement. d. The Packing credit would be marked off in 'First in First Out' basis e. Bank should closely monitor the submission of Export Order subsequently by Exporter and end use of funds. Trade Operations / Branch Operations should follow up for submission of Export Orders and Letters / Emails need to be sent Fortnightly and same should be recorded with the said transaction for internal audit. **These are credit conditions.*
2.2.1	**Receipt of Request** Exporter would submit the documents at the counters of Bank. Bank staff at the counter should give acknowledgment to client and properly scrutinize documents before taking it up for processing. The key points to check are;

	a. Customer request Letter for Packing Credit. The covering letter is signed by the authorised person of the company. (SV is done by counter staff or by designated officer?) b. Purchase Order or Irrevocable Letter of Credit from Buyer. c. Undertaking to submit Purchase order / Letter of Credit in 10 days in case of Running Account Packing credit. d. Undertaking to submit relevant Export Document within prescribed time limit Declaration that it has not availed packing credit against this order from any other Bank.
2.2.2	**Communication of the discrepancies** Discrepancies observed while checking the document should be communicated to the exporter in writing / email immediately, seeking clarification from the client for further course of action on the same
2.3	**Period of Packing Credit** The period of Packing credit is based on production cycle / manufacturing process of goods and would be different for different exporters. INR Packing credit can be extended initially for 270 days whereas Foreign Currency Packing Credit can be extended up to 180 days, extendable up to 360 days or as per credit stipulated sanction. For Order based Packing credit, the maximum tenor can be up to expected date of shipment plus 21 days. At any point of time, the packing credit period should be lower of 1. As approved by Bank, 2. Expected date of shipment plus 21 days, 3. Requested by Exporter, 4. 360 days. Any exception to this, should be highlighted to Credit and prior approval should be obtained before the transaction is processed. (Master Circular- Rupee Export Credit Pre-shipment 1.1.2)
2.4	**Interest Rate on Packing Credit** Interest rate applicable on packing credit is as per time to time bank issued Guidelines and rate is as per approval from appropriate authority.
2.5.1	**Transaction Authorisation** All the details like drawee, drawer name and address, bank name, address, details of the documents attached along with number of original and copies attached and reimbursement instruction with Nostro bank name and account number etc. should be entered correctly The inputting in Bank’s core system and authorisation should be done by two different authorised officials of the bank (Maker / Checker concept). Before authorising the transaction, the concerned official should check for the correctness of data.

2.6	**Liquidation of Packing Credit** Packing Credit can be liquidated from one of the following sources 1. Post shipment Finance for bills drawn for export of goods of services 2. Realisation of Export Proceeds 3. EEFC Balance 4. Rupee resources of the exporter to the extent exports have actually taken place. In case of order-based Packing credit, any export documents pertaining to said order would be tracked. In case of any request for Post shipment finance for the said shipment, packing credit would be liquidated first and balance would be released to Exporter. (Master Circular- Rupee Export Credit Pre-shipment 1.1.4)
2.7	**Cancellation of the export order** In case of cancellation of the export order for which the PCFC was availed of by the exporter, or if the exporter is unable to execute the export order for any reason, Bank would need to recover the loan together with accrued interest thereon from exporter. In such cases, interest will be payable on the rupee equivalent of principal amount and Bank can charge commercial rate of interest / a penal rate of interest from the date of advance. Exporter would need to purchase foreign exchange from domestic market through the bank. (Master Circular- Rupee Export Credit Preshipment 5.9) Branch should seek details of reasons for cancellation from client.
2.8	**Deemed Export** **"Deemed Exports"** refer to those transactions in which goods supplied do not leave country, and payment for such supplies is received either in Indian rupees or in free foreign exchange. Supply of goods to Export Oriented Units (EOUs) or Software Technology Parks (STPs) or Electronic Hardware Technology Parks (EHTPs) or Bio Technology Parks (BTP) shall be treated as deemed export. Packing credit is allowed for Deemed exports made to multilateral funds aided projects and programmes, under orders secured through global tenders for which payments will be made in free foreign exchange. Such Packing Credit should be liquidated with post shipment financing granted (max 30 days) or repayment, whichever is earlier
2.9	**Pre-shipment & Import Payment** Customer may submit request for Pre-shipment in FCY and also request for import payment from the said disbursement. In this case, Trade officer should first process Pre-shipment request and Then the import payment is processed from these funds can be transferred to operating account of Customer as per conversion rate obtained by Customer. (Master Circular- Rupee Export Credit Pre-shipment 5.14)

EXPORT PRE-SHIPMENT CREDIT PROCESS FLOW



EXPORT FINANCING POST-SHIPMENT FINANCING

EXPORT FINANCING POST-SHIPMENT FINANCING

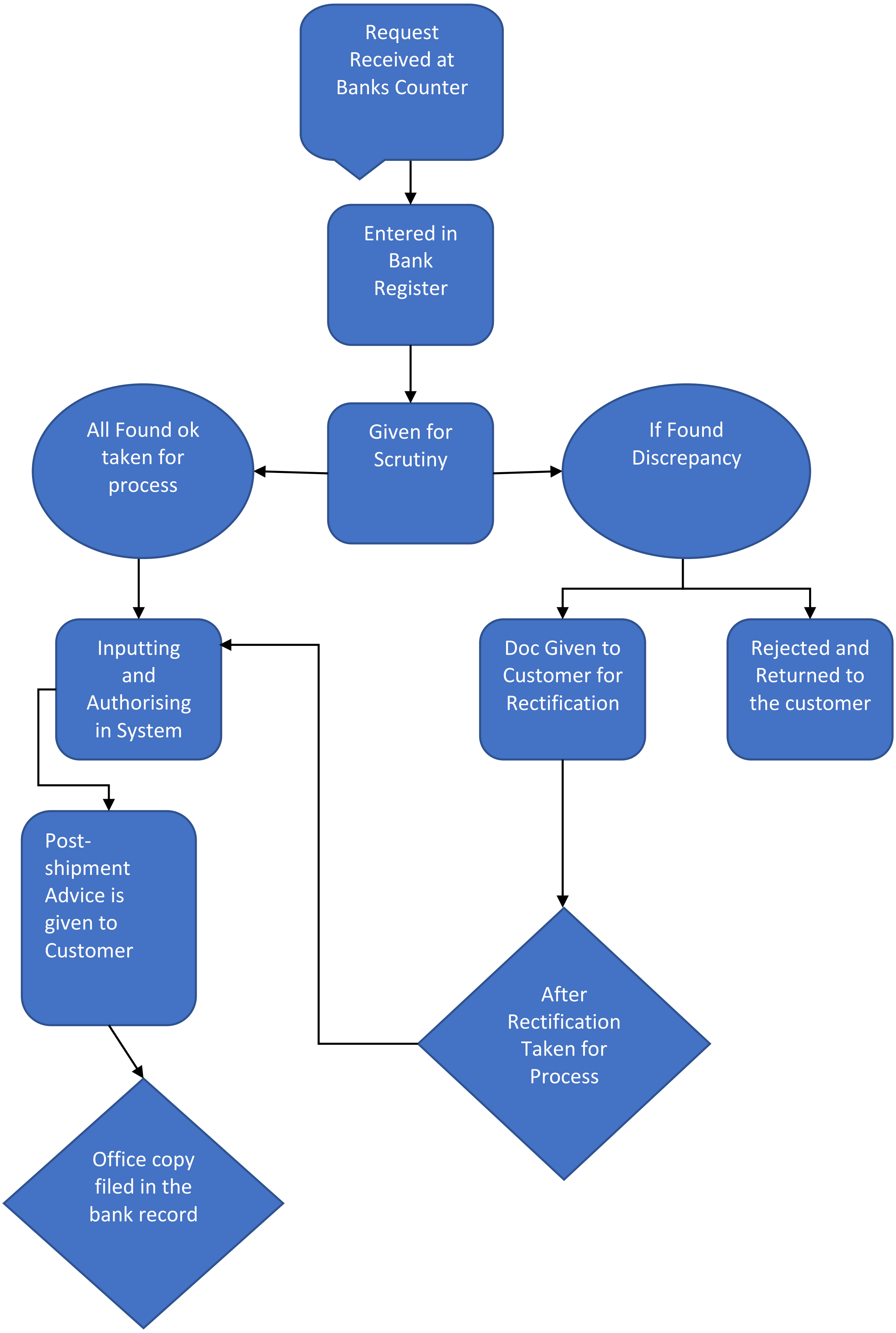
3	**Post-shipment Financing**
3.1	**Product Synopsis** Post Shipment Loan is a form of Credit Assistance /Loan or Advance granted to exporter after the shipment of goods till the actual realisation (due date of the tenor of the bill) of the proceeds from overseas. It can be Short-Term (for Sight Documents) or Long-Term (for Deferred Payment Documents). Post shipment Finance is a Working Capital Finance against receivables, meant for bridging the working capital gap after shipment of goods till payment is realised. Unlike Packing Credit, this finance is extended against evidence of a shipping Document. The various types of Post-Shipment Loan are 1. Negotiation of an Export document under a Letter of Credit. 2. Purchase (in case of Sight Document) / Discount (in case of a Usance Document) of an export document. 3. Loan against an export bill sent on collection basis Only A & B category Branches are allowed to handle Export Financing Transaction.
3.2	**Operational Process** The Export Documents are discounted within the limit sanctioned by Credit and at the rate approved for the client. The proceeds of Purchase discount are first appropriated for liquidating packing credit availed against the order and net amount is credited as per disposal instructions of exporter. In case of Running Account facility, Packing Credit is liquidated on FIFO basis.
3.2.1	**Receipt of Request** Exporter would submit the documents at the counters of Bank. Bank staff at the counter should give acknowledgment to client and properly scrutinize documents before taking it up for processing. Documents required for post-shipment Finance; a. Customer Request letter for INR / FCY discounting b. Customer declaration for packing credit – Not availed or availed from specific Bank c. Commercial invoice d. Shipping bill no / Shipping Bill e. Bill of Lading / Airway bill f. Bill of Exchange if applicable g. Insurance Policy or Certificate, if applicable (CIF, DDP, etc.) h. Packing List, Certificate of Origin, Inspection Certificate, etc., as applicable

	Trade office would check if request letter is signed by Authorised signatory and documents have been submitted within 21 days of shipment Date. If there is delay in submitting shipping documents to the Bank, Bank would need to obtain clarification for the delay. Trade Officer should take prior approval of AGM / GM, before processing the documents. The processing office should also ensure that the said transaction is tagged to Cosmos Bank in EDPMS. If the AD code is different for said shipping bill, Officer should submit online request on EDPMS for change of AD code. Exporter need to be kept informed about this change request as there would be one day delay for processing the transaction. The transaction should be processed for Financing, only after AD code of Cosmos Bank appears for the said transaction on EDPMS.
3.2.2	**Communication of the discrepancies** Discrepancies observed while checking the document should be communicated to the exporter in writing / email immediately, seeking clarification from the client for further course of action on the same
3.2.3	**Period of Post-Shipment Finance** The period of post shipment Finance is based on actual payment terms between Buyer and Exporter. The payment terms are mentioned in Commercial invoice. As per current RBI guidelines, Exporter has to realise the export proceeds within nine (9) months from the date of shipment. This is also applicable to exporting Units in EOUs, SEZs, STPs, etc. In case of DP bills, Finance can be granted for NTP (Normal Transit Period) as specified by FEDAI which has now been standardise for 25 days. However, for Goods Exported to Warehouse established outside India, the proceeds can be realised within fifteen (15) months from date of shipment However, the Financing should be for maximum tenor up to the due date as per Invoice within the aforesaid time limit. Any exception to this or any tenor more than 180 days, should be highlighted to AGM / GM and prior approval should be obtained before the transaction is processed. (Master Circular- Rupee Export Credit Post shipment 2.4.1)
3.2.4	**Interest Rate on Post Shipment Financing** Interest rate applicable on packing credit is as per time to time bank issued Guidelines and rate is as per approval from appropriate authority

3.2.5	**Transaction Authorisation** a. All the details like drawee, drawer name and address, bank name, address, details of the documents attached along with number of original and copies attached and reimbursement instruction with Nostro bank name and account number etc. should be entered correctly b. The inputting in Bank's core system and authorisation should be done by two different authorised officials of the bank (Maker / Checker concept). c. Before authorising the transaction, the concerned official should check for the correctness of data. d. Amount of the Bill is to be reported to treasury for obtaining exchange Rate for conversion into INR if the Post-Shipment financing is not in Foreign Currency.
3.2.6	**Printing of Schedule by the bank and Courier** After authorisation the schedule is printed which carries all the required details as per customer request. The printed covering schedule should be checked for correctness by Trade officer, who should also sign covering schedule for despatch Copy of the document along with banks covering letter should be given to customer for their record along with Courier no. One Copy of the document should be filed for banks record.
3.2.7	**Procedure to be followed at the time of post shipment finance for liquidating packing credit availed if any from Cosmos Bank.** If Packing credit financed availed by exporter from us then out of the export bills purchase/discounting then packing credit liability is shifted to post shipment finance. Exporter may have availed Packing credit from some other bank. In this case, it is the responsibility of Cosmos Bank to ensure that the packing credit is liquidated first. Exporter need to submit Declaration regarding packing credit along with details of packing credit (Ref no., Bank name, Branch details, etc.) where funds need to be remitted. If the packing credit has been availed in FCY, then FCY need to be transferred to Nostro account of the Bank which has given Packing Credit. If Packing credit has been availed in INR, Exporter may request Cosmos bank for conversion and INR may be transferred to Bank which has given Packing Credit.
3.2.8	**Realization of payment** Payment is realised immediately if it is drawn on DP terms i.e. document against payment or on due date if it drawn on DA i.e. against acceptance. Trade Officer managing the Swift should look for Inward remittance / Credits in Nostro of Cosmos Bank and should intimate the details of credit to Operations team of all A & B category branches.

	Each Branch should identify the credit pertaining to its branches and adjusted against the outstanding export bills in the system. The post shipment loan against the same is liquidated and bill is closed in the system as fully paid. EDPMS system is updated within one working days.
3.2.8.1	**Part Realisation of payment** There is possibility that Exporter may not realise full payment of Export Bill. The details of realisation should be communicated to Exporter and clarification should be asked from Exporter. If Exporter confirms if this is just part realisation and balance payment is expected, the said realisation is to be treated as Part realisation. The balance amount is shown as outstanding against said bill. If Exporter confirms that this is full and Final settlement of export bill, the export bill write off process is initiated. EDPMS system is updated within one working days
3.2.9	**Issuance of e-BRC** Trade Officer should process e-BRC and upload to DGFT site for the all export realisation received on same day. An intimation to this effect should also be sent to exporter so as to enable him to download it from DGFT system.
3.2.10	**Liquidation of Post Shipment Finance** Post Shipment Finance can be liquidated from one of the following sources a. Proceeds of export bills b. Balances in Exchange Earners Foreign Currency Account (EEFC A/C) * c. Proceeds of any other unfinanced Export Receivables. * **Such adjusted export bills should however continue to be followed up for realization of the export proceeds and will continue to be reported in the EDPMS*
3.2.11	**Tracking for payment /acceptance** Trade officer should track and follow up for payment / acceptance with client and Buyer as per the transaction. The cost of any swift reminder sent to Buyer's bank should be charged / recovered from client account. The details of follow up should be maintained with transaction for record and internal audit. Any response received from Buyer / Buyer's Bank should be communicated to exporter without delay.

EXPORT POSTSHIPMENT CREDIT PROCESS FLOW



EEFC ACCOUNT HANDLING PROCESS

4	**Exchange Earner's Foreign Currency (EEFC) Account – EEFC Account**
4.1	**Product Synopsis** Globalisation has positively impacted inflow of foreign exchange in India through increase in exports and inward remittances. RBI has allowed deposits of foreign currency in the Exchange Earners' Foreign Currency Account – a Current Account with authorised dealers Cat I bank. Exchange Earners' Foreign Currency Account (EEFC) is an account maintained in foreign currency with an Authorised Dealer Category - I bank. It is a facility provided to the foreign exchange earners, including exporters, to credit 100 per cent of their foreign exchange earnings to the account, so that the account holders do not have to convert foreign exchange into Rupees and vice versa, thereby minimizing the transaction costs. Master Direction 14/2015-16 – Deposits and Accounts and Master Direction – Export of Goods and Services covers guidelines on EEFC account.
4.2	**Eligibility to open EEFC Account** All categories of foreign exchange earners, such as individuals, companies, etc., who are resident in India, may open EEFC accounts.
4.3	**Types of EEFC Accounts** An EEFC account can be held only in the form of a current account. No Interest is paid on EEFC account balance. Cheque facility is available for operation of the EEFC account.
4.4	**Limit up to which foreign currency may be credited to EEFC account** A person resident in India may credit to the EEFC Account 100 % of the foreign exchange earnings.
4.5	**Account Opening Process** Bank may receive the request to open EEFC account. The bank, the counter staff should accept the request and affix the date and time stamp. An acknowledgement can be given to the customer.
4.5.1	**Documents Required to open EEFC Account** **Common Documents for Account Opening** 1. Completely filled-in & signed EEFC Account Opening form. 2. Constitution Document like the board resolution, partnership letter, proprietorship letter etc authorising the EEFC account opening. (The Board Resolution / Partnership letter / proprietorship letter should mention the currency in which the account is to be opened.) 3. The proof of status (i.e. whether the unit is located in SEZ, STP or EHTP etc.) 4. Importer- Exporter Code, if applicable.

5. Nomination form, if the customer has given the consent for the same. (Nomination form is applicable only to Individual and Sole Proprietors)
6. Proof of PAN/ Form 60.
7. NOC from the Lending Bank(s) extending credit facility to the entity / firm, if applicable.

Specific Documents Pertaining to Constitution/Entity

Individuals

- Identity proof of all authorised signatories.
- Address proof of all authorised signatories.

Partnership Firms

- Partnership deed duly stamped & signed by all Partners.
- Identity proof for all authorised signatories.
- Partnership letter on the Firm's letterhead signed by all partners.

Private and Public Limited Companies

- Board Resolution (Signed by two directors/ company secretary).
- Latest list of all Directors with their Addresses duly dated & signed by Company Secretary/ director(s).
- Identity proof of all authorised signatories & certifying director.

Trusts/ Clubs/ Society / Associations

- Identity proof of all authorised signatories.
- Certified copy of Resolution to open the account signed by Managing Trustee/ Secretary.
- List of all office bearers/ trustees with their addresses signed by Managing Trustee/ Secretary/chairperson/two authorised signatories.

Hindu Undivided Family (HUF)

- HUF letter signed by Karta and all major co-parceners. Data pertaining to minor co-parceners and female members should be recorded.
- Photograph & Specimen signatures of the Karta and all co-parceners (Female member cannot be included as a Co-parcencer).
- Identity proof of Karta.
- Address proof in the name of the HUF / Karta.

Proprietorship Firms

- Identity proof of proprietor (Authorised Signatory(ies))
- Proprietorship Letter on the Letterhead in Bank's Format

4.5.2	**Processing of Account opening** On receipt of all the necessary documents and if documents are found in order, the officer should put up the case with Branch Manager / Senior manager who would approve the account opening.
4.6	**Permissible credits to EEFC account** The credits permitted to this account are: 1. Inward remittance through normal banking channels, other than foreign currency loan or investment received from abroad or received for meeting specific obligations by the account holder; 2. Payments received in foreign exchange by a 100 per cent Export Oriented Unit or a unit in (a) Export Processing Zone or (b) Software Technology Park or (c) Electronic Hardware Technology Park for supply of goods to similar such units or to a unit in Domestic Tariff Area; 3. Payments received in foreign exchange by a unit in the Domestic Tariff Area for supply of goods to a unit in the Special Economic Zone (SEZ); 4. Payment received by an exporter from an account maintained with an authorised dealer for the purpose of counter trade. (Counter trade is an arrangement involving adjustment of value of goods imported into India against value of goods exported from India); 5. Advance remittance received by an exporter towards export of goods or services; 6. Payment received for export of goods and services from India 7. Professional earnings including directors' fee, consultancy fee, lecture fee, honorarium and similar other earnings received by a professional by rendering services in his individual capacity; 8. Re-credit of unutilised foreign currency earlier withdrawn from the account; 9. Repayment of trade related loans/ advances (which were granted to the account holder's importer customer out of balances held in the EEFC accounts 10. The disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/GDRs under the Sponsored ADR/GDR Scheme approved by the Foreign Investment Promotion Board of the Government of India. 11. Foreign exchange earnings received through an international credit card for which reimbursement has been made in foreign exchange may be regarded as remittance through normal banking channel and the same can be credited to the EEFC account.
4.7	**Permissible Debits to EEFC account** The Debits permitted to this account are: 1. Payment outside India towards a permissible current account transaction and permissible capital account transaction 2. Payment in foreign exchange towards cost of goods purchased from a 100 percent Export Oriented Unit or a Unit in (a) Export Processing Zone or (b) Software Technology Park or (c) Electronic Hardware Technology Park

	3. Payment of customs duty in accordance with the provisions of the Foreign Trade Policy of the Central Government for the time being in force. 4. Trade related loans/advances, extended by an exporter holding such account to his importer customer outside India, subject to compliance with the Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2000. 5. Payment in foreign exchange to a person resident in India for supply of goods/services including payments for airfare and hotel expenditure.
4.8	**Credit to EEFC NOT permitted** The claims settled in rupees by ECGC/ insurance companies should not be construed as export realisation in foreign exchange and the claim amount will not be an eligible credit to the EEFC account
4.9	**Loan against the EEFC deposit** Fund-based/ non-fund based credit facilities <u>should not be granted</u> against the balances held in EEFC Accounts.
4.10	**Adjustment of Packing Credit Loans against the EEFC balance.** Exporters can repay packing credit advances, whether availed of in Rupee or in foreign currency, from balances in their EEFC account to the extent exports have taken place.
4.11	**Rupee withdrawal from the account** Withdrawal in rupees are permitted from this account, provided the amount so withdrawn cannot be re-credited to the account.
4.12	**Mandatory conversion as per RBI regulation.** The sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding calendar month after adjusting for utilization of the balances for approved purposes or forward commitments.
4.13	**Forward Contract** Forward contract can be booked and utilised against the EEFC balance.
4.14	**EEFC Account by Special Economic Zone (SEZ) Units** SEZ Units <u>cannot open</u> EEFC Accounts. However, a unit located in a Special Economic Zone can open a Foreign Currency Account with Bank subject to conditions stipulated in Regulation 4 (D) of Foreign Exchange Management (Foreign Currency Accounts by a person Resident in India) Regulations dated January 21, 2016.

4.15	**EEFC Account – Joint account with a resident relative** Resident individuals are permitted to include resident relative(s) [as defined in section 2(77) of the Companies Act, 2013] as joint holder(s) in their EEFC account on ‘former or survivor’ basis.

KEY EXPORT PROCESSES

	INDEX	
SR. NO.	**CONTENTS**	**PAGE NO**
5	Key Export Processes	36
5.1	Crystallisation	36
5.2	Third Party Payment	36
5.3	Reduction in Invoice Value	36
5.4	Extension of Due date	37
5.5	Write Off	38
5.6	Advance against Export	39
5.7	EDPMS	40
5.8	‘Set-off’ of export receivables against import payables	41
5.9	Export Claims	41
5.10	Change of buyer/consignee	41
5.11	Agency Commission of Exports	42
5.12	Refund of Export Proceeds	42
5.13	Exporters` Caution List	43
5.14	Direct Despatch of Documents by Exporter	43
5.15	Consignment Exports	44
5.16	Opening / hiring of warehouses abroad	44
5.17	EDF Approval for Trade Fair/Exhibitions abroad	44
5.18	EDF waiver	45
5.19	Shipments lost in transit	45
5.20	Netting-off of export receivables against import payments	46

5	**Key Export Processes**
5.1	**Crystallisation** Whenever Exporter is unable to realise export proceeds within 30 days from due date, or bank's own policy if any, for which it has availed FCY post shipment Finance, AD has right to crystallise the Export bill, i.e. the amount is recovered from customer at prevailing TT sell rate. AD can grant Extension for customers with good track record. Trade officer must inform Customer before crystallisation. Foreign currency loan amount is reported to dealer for exchange rate for conversion/crystallisation. If extension is granted, the same should be approved by GM / AGM. The need to be updated in transaction details.
5.2	**Third Party Payment** Exporter may receive the payment from third party (other than Importer / Overseas Buyer). RBI allows such Third-Party Payment subject to Following conditions. 1. Documentary Evidence showing said third party is supposed to pay; for e.g. a tripartite agreement, name of the third party on irrevocable order/ invoice 2. Third party payment should be routed through the banking channel only; 3. Details of the third party have been declared in the shipping bill. 4. In case of shipments being made to Restricted Cover Countries, (e.g. Sudan, Somalia, Syria etc.), payments for the same may be received from an Open Cover Country; Bank should highlight the name of third party in EDPMS instead of the name of the overseas buyer when payment is realised and satisfy above mentioned conditions. GM/ AGM approval is must for processing Third party payment.
5.3	**Reduction in Invoice Value – Prepayment** Exporters may approach Cosmos Bank for reduction in invoice value on account of cash discount to overseas buyers for prepayment of the usance bills. AD 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. Trade Officer should obtain following documents from Exporter; 1. Request Letter 2. Justification / Clarification for reduction of Invoice amount Trade officer can then put up the request for internal approval, which would be approved on case to case basis by AGM / GM / Credit. Post approval and processing in

	system, Reporting should be done in EDPMS. **Reduction of Invoice Value in Other cases** AD may also approve reduction for any other reason, if satisfied about genuineness of the request, provided: a) The reduction **does not exceed 25 %** of invoice value b) It does not relate to export of commodities subject to floor price stipulations c) The exporter is not on the exporters' caution list of the RBI d) The exporter is advised to surrender proportionate export incentives availed of, if any. In the case of exporters who have been in the export business for more than three years, reduction in invoice value may be allowed, without any percentage ceiling, subject to the above conditions as also subject to their track record being satisfactory, i.e., the export outstanding do not exceed 5 per cent of the average annual export realization during the preceding three financial years. (For the purpose of calculating the percentage of export bills outstanding to the average export realizations during the preceding three financial years, outstanding of exports made to countries facing externalization problems may be ignored provided the payments have been made by the buyers in the local currency.) Trade officer can then put up the request for internal approval, which would be approved on case to case basis by AGM / GM / Credit. Post approval and processing in system, Reporting should be done in EDPMS.
5.4	**Extension of Due Date** Bank may extend the period of realization of export proceeds beyond stipulated period of realization from the date of export, up to a period of six months, at a time, irrespective of the invoice value of the export subject to the following conditions: a) The export transactions covered by the invoices are not under investigation by Directorate of Enforcement / Central Bureau of Investigation or other investigating agencies, b) Bank is satisfied that the exporter has not been able to realize export proceeds for reasons beyond his control, c) The exporter submits a declaration that the export proceeds will be realized during the extended period, d) While considering extension beyond one year from the date of export, the total outstanding of the exporter does not exceed USD one million or 10 % of the average export realizations during the preceding three financial years, whichever is higher. e) In cases where the exporter has filed suits abroad against the buyer, extension may be granted irrespective of the amount involved / outstanding. The scenarios which are not covered above would require prior approval from RBI Trade officer can then put up the request for internal approval, which would be approved on case to case basis by AGM / GM / Credit. Post approval and processing in system, Export Extension Reporting should be done in

	EDPMS.
5.5	**Write off** Client may approach Bank for 'write off' of export receivable, if exporter is not in position to realise the export proceeds. RBI allows Self Write off and Write off by AD. 1. Self 'write-off' by an exporter (Other than Status Holder Exporter) : 5%* 2. Self 'write-off' by Status Holder Exporters: 10%* 3. 'Write-off' by Authorized Dealer Bank: 10%* *of the total export proceeds realized during the previous calendar year Trade office should ensure that 1. The relevant amount has remained outstanding for more than one year, 2. Satisfactory documentary evidence for collection efforts done by Exporter (for e.g. Insolvency certificate of Buyer, etc.) Trade Officer should ask for following docs from client for processing write of request 1. Request letter explaining reasons for write off 2. Chartered Accountant's certificate, indicating a) the export realization in the preceding calendar year b) the amount of write-off already availed of during the year, if any, c) The relevant EDF to be written off, Bill No., invoice value, commodity exported, country of export. d) It should also indicate that the export benefits, if any, availed of by the exporter have been surrendered. 3. Documents evidencing surrender of export incentives availed. Trade Office should put up the case for approval to GM / AGM. Only after approval should 1. Close the bill in Bank's system 2. Report 'write off' of export bills through EDPMS to the Reserve Bank. **Transaction Not qualified for Write off** a) Exports made to countries with externalization problem i.e. where the overseas buyer has deposited the value of export in local currency but the amount has not been allowed to be repatriated by the central banking authorities of the country. b) EDF which are under investigation by agencies like, Enforcement Directorate, Directorate of Revenue Intelligence, Central Bureau of Investigation, etc. c) The outstanding bills which are subject matter of civil / criminal suit. **Write off in cases of payment of claims by ECGC and private insurance companies** Trade Officer should obtain documentary evidence of Payment by ECGC / Insurance companies and should

	1. Close the bill in Bank's system 2. Report 'write off' of export bills through EDPMS to the Reserve Bank. Such write-off where payment has been made by Insurance companies will not be restricted to the limit of 10 % indicated above.
5.6	**Advance Payment against Export** Our Client may receive the advance payment for Export of goods. Operation office need to ensure 1. The shipment of goods is made within one year from the date of receipt of advance payment 2. The rate of interest, if any, payable on the advance payment does not exceed London Inter-Bank Offered Rate (LIBOR) + 100 basis points. 3. The documents covering the shipment are routed through the AD Category – I bank through whom the advance payment is received. 4. Advance received need to be highlighted in EDPMS If Client fails to export goods within one year of receipt of advance, RBI approval is required to refund of unutilized portion of advance payment or any payment of interest is to be made. Trade officer should track all advances received and shipment against it and should escalate all cases to GM / AGM where shipment has not been effected within six months of receipt of advance. Such cases should be tracked every month and reminders should be sent to clients on monthly basis. Process Flow: **The detailed flow of events for the process of EXPORT ADVANCE credits on account of** Export of Goods received **at the counters of MT103 team is as follows:** ➢ Receipt of MT103 swift messages from foreign banks in Swift/ MT103 and subsequent intimation to Branches ➢ Checking of Remittances amount with Nostro statement (MT103 with MT940) ➢ Receipt of Documents from Client ➢ AML/FATF Compliance check on Remitter, Remitter Country, Remitting Bank, & Beneficiary ➢ Obtaining Card rates for the transactions which are specifically mentioned as Card Rate ➢ Documents Required for Processing ✓ FEMA Declaration, ✓ Export Advance declaration. ✓ OFAC Declaration in case of Sanctions. ➢ Scrutinising the documents received for processing:

	✓ Checking of MT103 swift copy for the Beneficiary Name, Beneficiary Account Number, Remitter Name, Remitter country and Remitting Bank. ✓ Beneficiary Name and Account Number should match with the records as per Finacle. ✓ Check for the signature verification done by the branch on the required documents. ✓ AML approval to be obtained if any of the party name triggered in AML- ✓ FATF approval needs to be obtained if the remitting country falls under FATF list and remitter name/remitting bank name is triggered. ✓ OFAC/EU/UN/HMT approval needs to be obtained from AGM/GM Forex & Treasury Dept. if the remitter/remitting country falls under any of the sanctioned countries. ✓ Check whether the client falls under RED list as per the overdue export advances report. If yes, then check for the necessary approvals (Revised Red-list approval process) and documents (One time Fema Declaration and Performa Invoice/Purchase Order) are in place. ✓ If the remittance carries Third Party Payment, without supporting necessary documents as per RBI guidelines approval is to be obtained from AGM/GM Forex operation. ✓ Verify the date and time stamp for receipt of documents at branch. ➢ Processing the transaction > Authorising the transaction. ➢ If there is no disposal instruction received from Client then we have to initiate return the remittances to the respective banks thro NOSTRO team for the transactions where the disposal instructions are not received within the stipulated time (15 Days). During this 15 days period, reminders will be sent through branch in regular intervals through mail. Publishing MI on pending transactions to branch by Forex & Treasury Dept.
5.7	**Export Data Processing and Monitoring System (EDPMS)** EDPMS become effective 1st March, 2014. Realisation of all export transaction for shipping documents after February 28, 2014 should be reported in EDPMS. a. Banks should maintain Export Bills Register, in physical or electronic form aligned with Export Data Processing and Monitoring System (EDPMS). The bill number should be given to all type of export transactions on a financial year basis (i.e. April to March) and same should be reported in EDPMS. b. After the documents have been negotiated / sent for collection, the AD should report the transaction through EDPMS to the Reserve Bank c. Export Extension Reporting should be done in EDPMS d. All Export Realisation should be reported in EDPMS to the RBI. e. Banks should report write off export bills through EDPMS f. EDPMS will capture the details of advance remittances received for exports in EDPMS. Henceforth, banks will have to report all the inward remittances including advance as well as old outstanding inward remittances received for export of goods/ software to EDPMS g. Banks need to report the electronic FIRC to EDPMS wherever such FIRCs are issued against inward remittances

	h. The exporters would be caution listed if any shipping bill against them remains open for more than two years in EDPMS provided no extension is granted by bank / RBI. Date of shipment will be considered for reckoning the realisation period i. Caution Listing/ de-caution Listing of exporters is automated in EDPMS. The updated list of caution listed exporters can be accessed through EDPMS on a daily basis. j. The system will also facilitate the AD to raise the transfer request in case of Export document submitted to the Authorised Dealers other than declared in the export document which will discontinue the paper based NOC issued by the AD banks. AD banks have to approve/disapprove the AD transfer request within 1 days from date of request. k. The quarterly return being submitted for delay in utilization of advances received for export stands discontinued l. XOS Reporting is discontinued due to EDPMS
5.8	**'Set-off' of export receivables against import payables** Bank may receive request for 'set off' of Export Receivables against Import Payable. Trade Officer should ensure following key conditions should met before allowing the set off 1. The 'set-off' of export receivables against import payments should be in respect of the same overseas buyer and supplier 2. The consent for set-off has been obtained from the said overseas Buyer / Supplier through their bank if the documents are routed the bank mechanism. 3. Export & Import documents are handled through our branch only 4. Payment for the import is still outstanding in the books of the importer. 5. The relative EDF will be released by the AD bank only after the entire export proceeds are adjusted / received. 6. Ensure that related Bill of Entry and related Shipping bill are outstanding in IDPMS and EDPMS respectively. The export / import transactions with ACU countries should be kept outside the arrangement Trade Office should put up the case for approval to GM / AGM and these transactions would be processed only after approval.
5.9	**Export Claims** Banks may allow the remittance based on application made to them by the exporter provided the a. Relative export proceeds have already been realised and exporter is not Caution list of the RBI. **b.** Exporter is advised to surrender proportionate export incentives if any received by them against the specific export. (Refer RBI Master Direction – Export of Goods and Services.C.22)
5.10	**Change of Buyer/Consignee.** Change of Buyer/Consignee is permitted by RBI without the Prior approval provided

	a. Goods are already shipped and the original buyer has defaulted b. the reduction in value, if any, involved does not exceed 25 per cent of the invoice value and c. The realization of export proceeds is not delayed beyond the period of 9 months from the date of export. (Refer RBI Master Direction – Export of Goods and Services.C.18) d. If repetitive nature of change of Buyer/consignee by exporter then it is to be treated as caution and handle carefully.
5.11	**Agency Commission on Exports** Payment of commission under export transaction is permitted either by way of remittance or by deduction from invoice value based on the application submitted by the exporter. The remittance on agency commission may be allowed subject to conditions as under: (a) Amount of commission has been declared on EDF/SOFTEX form and accepted by the Customs authorities or Ministry of Information Technology, Government of India / EPZ authorities as the case may be. **(b)** In cases where the commission has not been declared on EDF/SOFTEX form, remittance may be allowed after satisfying the reasons adduced by the exporter for not declaring commission on Export Declaration Form, provided a valid agreement/written understanding between the exporters and/or beneficiary for payment of commission exists. (c) The relative shipment has already been made. (Refer RBI Master Direction – Export of Goods and Services.C.25) **(d)** Any payment of agency commission not declared in EDF need to be highlighted to AGM / GM and approval is required from AGM / GM.
5.12	**Refund of Export Proceeds** Banks are allowed to refund the export proceeds, through whom the export proceeds were originally realized and goods are being re-imported into India on account of poor quality. Bank should observe the below before allowing remittance: (i) Exercise due diligence regarding the track record of the exporter (ii) Verify the bona-fides of the transactions (iii) Obtain from the exporter a certificate issued by DGFT / Custom authorities that no incentives have been availed by the exporter against the relevant export or the proportionate incentives availed, if any, for the relevant export have been surrendered (iv) Obtain an undertaking from the exporter that the goods will be re-imported within three months from the date of remittance and (v) Ensure that all procedures as applicable to normal imports are adhered to. **(**vi) Specific approval of AGM / GM is required for all transactions of refund of

	export proceeds. (*Refer RBI Master Direction – Export of Goods and Services.D.2)*
5.13	**Exporters' Caution List** Banks will be advised whenever exporters are cautioned in terms of provisions contained in Regulation 17 of "Export Regulations". Bank may approve EDF 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. Such approval may be given even in cases where usance bills are to be drawn for the shipment provided the relative letter of credit covers the full export value and also permits such drawings and the usance bill mature within twelve months from the date of shipment. Banks should obtain prior approval of the Reserve Bank for issuing guarantees for caution-listed exporters. (Refer RBI Master Direction – Export of Goods and Services.C.28)
5.14	**Direct dispatch of documents by the exporter** 1. Exporter banks normally dispatch shipping documents to their overseas branches/ correspondents. However, they may dispatch documents direct to the consignees or to their agents 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) Banks may also accede to the request of the exporter provided the exporter is a regular customer and the bank is satisfied, on the basis of standing and track record of the exporter and arrangements have been made for realization of export proceeds. 2. Banks may also permit 'Status Holder Exporters' (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 EDF. b) The duplicate copy of the EDF is submitted to the AD banks for monitoring purposes, by the exporters within 21 days from the date of shipment of export. 3. Banks may regularize cases of dispatch of shipping documents by the exporter direct to the consignee or his agent resident in the country of the final destination of goods, up to USD 1 million or its equivalent, per export shipment, subject to the following conditions: a) The export proceeds have been realized in full. b) The exporter is a regular customer of bank for a period of at least six months. c) The exporter's account with the bank is fully compliant with the Reserve Bank's extant KYC / AML guidelines. d) Bank is satisfied about the bonafides of the transaction.

	e) In case of doubt, the bank may consider filing Suspicious Transaction Report (STR) with FIU_IND (Financial Intelligence Unit in India). (Refer RBI Master Direction – Export of Goods and Services.C.10)
5.15	**Consignment Exports** When goods have been exported on consignment basis, bank, while forwarding shipping documents to his overseas branch/ correspondent, should instruct the latter to deliver them only against trust receipt/undertaking to deliver sale proceeds by a specified date within the period prescribed for realization of proceeds of the export. 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. The account sales details are verified by the bank and all the transaction are supported by original bills/receipts except for petty items like postage and cable charges Freight and marine insurance must be arranged in India for goods exported on consignment basis. Banks may allow the exporters to abandon the goods, which remain unsold at the expiry of the period of the sale contract. Accordingly, the exporters may show the value of the unsold goods as deduction from the export proceeds in the Account Sales (Refer RBI Master Direction – Export of Goods and Services.C.12)
5.16	**Opening / hiring of warehouses abroad** Banks may consider the applications received from exporters and grant permission for opening / hiring warehouses abroad subject to the following conditions: i. Applicant's export outstanding does not exceed 5 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 realization should be as applicable. iv. All transactions should be routed through the designated branch of the AD Banks. v. The above permission may be granted to the exporters initially for a period of one year and renewal may be considered subject to the applicant satisfying the requirement above. **vi.** Banks granting such permission/approvals should maintain a proper record of the approvals granted. (Refer RBI Master Direction – Export of Goods and Services.C.13**)**
5.17	**EDF Approval for Trade Fair/Exhibitions abroad** Companies from India can take part in Trade Fair/Exhibition abroad without the prior

	approval of the RBI. Companies can even export/sale goods in these Exhibition. Even the Unsold items may be sold in the same country or in third country. Banks may approve EDF of export items for display or display-cum-sale in trade fairs/exhibitions outside India subject to the following: a) The exporter should report to the banks the method of disposal of all items exported and repatriation of proceeds to India b) The exporter should produce relative Bill of Entry within 1 month of re-import of the unsold items. c) The exporters are allowed to sale the items at discounted value d) The exporters are allowed to gift the unsold items up to the value of USD 5,000 per exhibition. e) The approval will be subject to 100% audit by exporter internal inspectors/auditors. (Refer Master Direction C.3)
5.18	**EDF waiver** AD Category – I banks may consider requests for grant of EDF waiver from exporters as under: Status holders shall be entitled to export freely exportable items (excluding Gems and Jewellery, Articles of Gold and precious metals) on free of cost basis for export promotion subject to an annual limit of Rupees One Crore or 2% of average annual export realisation during preceding three licensing years, whichever is lower. For export of pharma products by pharmaceutical companies, the annual limit would be 2% of average annual export realisation during preceding three licensing years. In case of supplies of pharmaceutical products, vaccines and lifesaving drugs to health programs of international agencies such as UN, WHO-PAHO and Government health programs, The annual limit shall be up to 8% of the average annual export realisation during preceding three licensing years. Such free of cost supplies shall not be entitled to Duty Drawback or any other export incentive under any export promotion scheme. Exports of goods not involving any foreign exchange transaction directly or indirectly requires the waiver of EDF procedure from the Reserve Bank. (Refer RBI Master Direction – Export of Goods and Services.C.1 of Jan 2018)
5.19	**Shipments lost in transit** Shipment may be lost for various reasons like, ship itself is lost in sea, fire in the ship, goods are stolen etc. 1. The banks should immediately ensure to realise the payment from insurance company by lodging claim on them by the bank or exporter as per the terms of insurance cover. 2. In case of claim payable abroad, the banks should lodge the claim with the assistance of its branch. 3. Banks should also ensure to repatriate the partially settled amount directly by shipping companies/ airlines under carrier`s liability abroad by exporters. 4. Certificate for claim amount received is attached to the EDF.

	5. EDF is released based on the full amount received through insurance claim. (Refer Master Direction C.21)
5.20	**Netting-off of export receivables against import payments – Units in Special Economic Zones (SEZs)** Exporter located in Special Economic Zones (SEZ) can request for "Netting Off" of export receivables against the import payments. Banks may allow the same subject to below conditions: a) Netting off may be done as on the date of balance sheet of the unit in SEZ. b) Netting off should of same Indian entity and the overseas buyer/supplier. c) Both the export/import leg of the transactions are recorded in the system and closed. d) Both the transaction of purchase/sale is reported in R-Return separately. e) Export/Import transaction with ACU countries are not allowed for netting off. f) Banks should ensure to comply the regulatory requirements relating to the transactions. (Refer Master Direction C.27)

EXPORT LC ADVISING

	INDEX	
SR. NO.	**CONTENT**	**PAGE NO**

6	**EXPORT L/C ADVISING**
6.1	**Product Synopsis** Letters of Credit provide sellers with a secure payment mechanism, mitigating risks associated delay / default of receivable from client. A Letter of Credit is opened by the buyer may be advised to the seller through advising bank without engagement on its part, but the advising bank should take reasonable care to check the authenticity of the credit which it advises. This is the first step in the Letter of Credit cycle from the seller's point of view. The L/C should be advised as per the instructions given for the advising bank in the L/C. The advising bank may advise the L/C to beneficiary: a) without adding confirmation b) after adding confirmation c) advise the L/C and add confirmation to the credit if desired by beneficiary Key guidelines of UCP 600 and FEMA are followed for Export LC advising.
6.1.2	**Receiving of Export LC by the bank** Export Letter of Credit should have been received from the correspondent bank by Authenticated SWIFT message.
6.1.3	**Print the swift LC** Swift dept. should take a print out of the LC received through system and send the same of Trade Ops. Dept. for further processing and advising to beneficiary.
6.1.4	**Check for authenticity** Trade officer should check the authenticity and completeness of swift i.e. it is not MT 999, before advising the LC to client / beneficiary. The swift messages received under message types MT 700s (700/707/799) are self-authenticated. There is no requirement for any further authentication Trade officer should only advise the LCs received through MT700s.
6.1.5	**Verification of banks creditability/status** Exporter bank verifies whether the LC is issued by the reputed International Bank or not.
6.1.6	**Verify the LC contents** Before advising the LC to the beneficiary, Trade Officer should verify the contents of LC i.e. • Shipment date is not already expired or LC is not expired. • Shipment is not sanctioned countries i.e. Iran/Cuba/Sudan. • The goods to be exported are not restricted banned or not permitted items. • Port of delivery is not to the sanctioned countries even though the destination may be different in the LC. • Is the LC transferrable, if so by whom?

	• LC to be confirmed by the advising bank and if LC is restricted to the advising bank (if not, request the LC issuing bank to restrict the LC to Cosmos Bank), • Check on LC confirmation charges to be paid whom, if not specified, request the LC issuing bank to make necessary amendment in the LC where ever required.
6.1.7	**Obligation to advice the export LC** It is not obligatory on the part of Bank to advice the LC received to the beneficiary. Bank may refuse/reject to advise the LC without giving any reason and inform the LC issuing about the same. Bank may or may not advise the LC to Non-client. If the LC need to be advised to non-client, prior approval of AGM / GM is required. Trade officer should obtain required KYC document and collect charges while advising the LC
6.1.8	**Input the LC details in bank's system** After verifying the LC, Trade officer should enter required details i.e. LC Issuing banks name and address, applicant and beneficiary`s name and address. LC issuing date, expiry date, shipment date, is LC transferrable, confirmation is allowed, who would pay the confirmation charges specify what document required for transfer or confirmation, etc. It is important to check whether LC is to be advised directly to the beneficiary or through second advisory bank and same need to be highlighted in system.
6.1.9	**Authorisation in the system** After checking the details inputted in the system for correctness, the authorised official in the bank would authorise the transaction in the system.
6.1.10	**LC advising charges** The LC advising charges are collected while processing the LC by debiting customer account maintained with the bank. If it is to be advised to non-customer, charges to be collected as specified in the advising schedule and delivery is made to the customer against payment of charges which could be preferably through cash. **LCs where charges to be recovered from applicant** Charges that are on account of the applicant need to be followed up with the issuing bank. A SWIFT is sent to the issuing bank mentioning the details of LC advised, the charges amount and the account to be credited. Upon receipt of the credit from the issuing bank the same is reported to the treasury and credited to commission account. Trade officer should send fortnightly reminders for collection of charges.
6.1.11	**Print the banks advising schedule.** After authorisation in the system, the advising schedule is to be printed, checked and signed by two officials of the bank. Original Swift LC is also signed by the two officials of the bank. The covering schedule along with LC is sent to the client by courier and record of the same is maintained or emailed.

6.1.12	**Amendment in the LC** The similar process like LC Advising is followed for LC amendment received from Issuing Bank. Amendment received under the LC is also checked and verified like the original LC, inputted in the system, amended schedule is printed. Both the schedule and amended LC swift message are signed by two officials for authentication and delivered to the client.
6.1.13	**Tracking of delivery LC to beneficiary** LC and amendment delivery to customer is tracked and confirmation to this effect is printed and kept along with the office of copy of the LC.
	Automation - Swift inter-face with the internal system *If interface is created between Swift & Trade system, all details can be auto download in trade system, saving time, cost and avoiding internal error resulting in efficient TAT.* *Export LC received communication can be sent to the customer through auto e-mail as & when the LC is received and processed in the banks` system.*

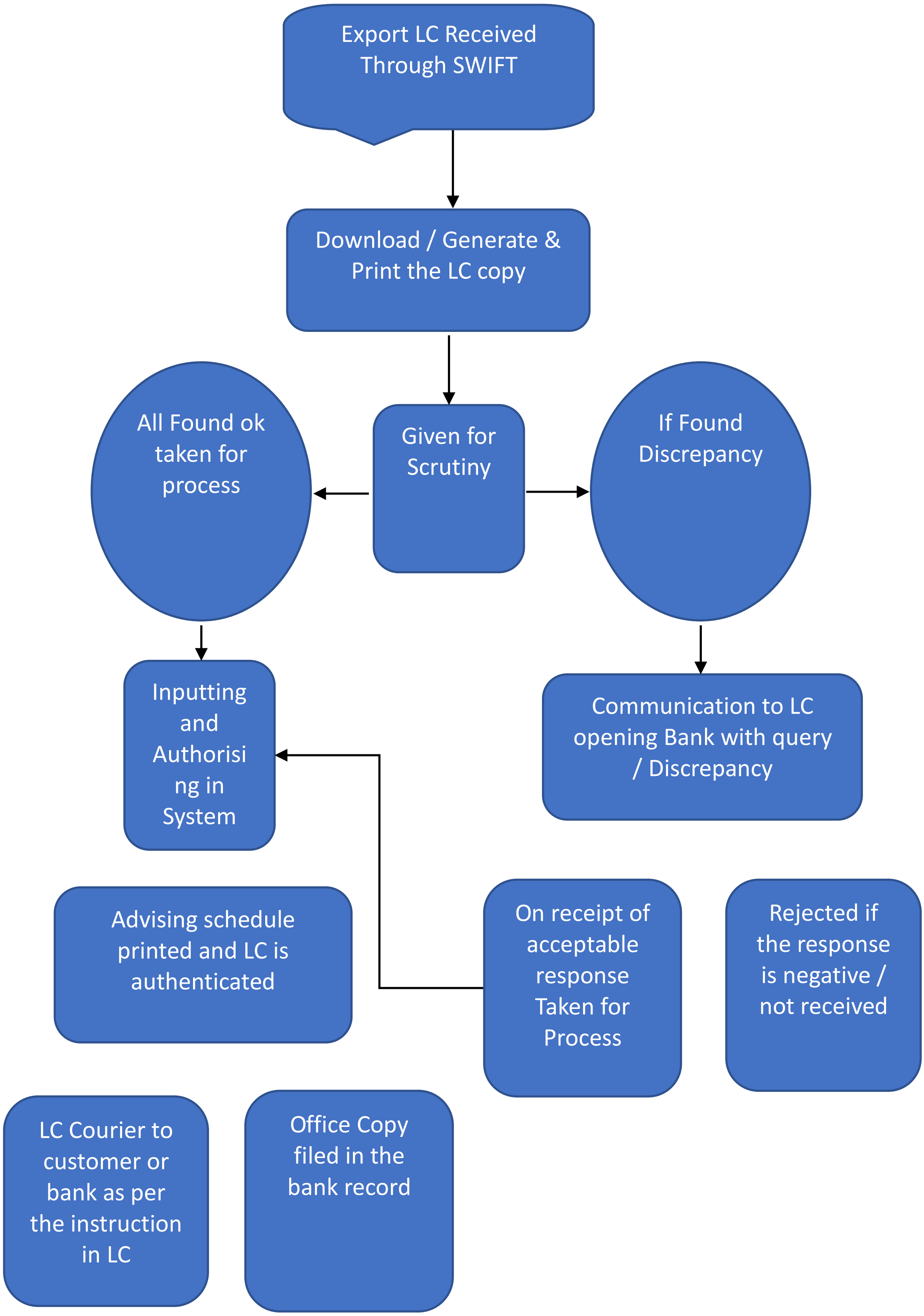
6.2	**Transfer of LC**
6.2.1	**Transfer Request** Client may submit request to transfer the LC if it is transferable LC. Trade officer should check • Properly signed request letter • Original LC received by them. • If the customer is not banking with us check whether the signature is verified by their bankers, if not request is returned for getting necessary verification through their bankers. • Changes Requested in the LC Trade Officer should note that; Transferring bank is under no obligation to transfer, but Bank should inform Issuing bank immediately Unless otherwise agreed all the charges at the time of transfer paid by the first beneficiaries If part shipments allowed credit can be transferred to more than one second beneficiary Second Beneficiary presentation must be made to transferring bank, First beneficiary can substitute invoice and draft before presenting it to issuing bank All transaction of Transferable LCs should be highlighted to AGM/GM. If the transferable LC is received for advising to non-client, the same should be processed only after prior approval of AGM / GM.
6.2.2	**Transferring the LC** Trade office should create second transaction of Transferred LC (the first one being transferable LC received earlier) Both transaction should be linked in the system so as to enable to identify both transaction at any point of time. Transfer must be identical to the terms of the original credit, with exception of: • Amount • Unit price • Expiration date • Latest date for presentation • Latest shipment date Any or all of the above may be reduced or curtailed

6.2.3	**Verification of signature/letter** Signature of our client is verified by two officials of the bank, check that the request is in proper order and take for processing of transfer of LC.
6.2.4	**Processing of Transfer request** Input the transfer amount and the transferee/transfers name and address, transfer charges details and endorsement of transfer amount on the original LC. The system should auto do the endorsement for transfer amount or any documents under the LC.
6.2.5	**Authorisation** **Authoriser should** Verify the details on the amount/name and address of transferee and transfer, charges are collected properly, etc before approving the transaction. The transfer of transferable LC would be approved by Branch Manager /Senior Manager. All transaction of Transferable LCs should be highlighted to AGM/GM

6.3	**LC Confirmation** This should be done only as per the laid down policy of the Bank from time to time.
6.3.1	**Confirmation** When a Letter of Credit is advised to the beneficiary through a bank in the beneficiary's country, the issuing bank may request the advising bank to add its confirmation or merely advise the credit to the beneficiary without adding its confirmation. If the advising bank adds confirmation to the credit, it becomes a confirming bank and the credit become a confirmed credit. Confirmation constitutes a definite undertaking of the confirming bank, in addition to the undertaking of the issuing bank, to accept and/or pay bills under the credit, provided that the stipulated documents are presented to the confirming bank or to any other nominated bank and that the terms and conditions of the credit are complied. Once the advising bank confirms a credit, it undertakes to negotiate bills drawn under the credit without recourse to the drawer. Confirmation constitutes the confirming bank's definite undertaking as set out in UCP 600 By confirming a credit, the confirming bank assumes an independent liability for the reimbursement for which it has to rely on the issuing bank.
6.3.2	**Request for Confirmation** The advising bank will add its confirmation only when there is a specific request from the issuing bank. It will not add its confirmation solely at the request of the beneficiary. Unless the issuing bank specifies otherwise in its authorisation or request to add confirmation, the advising bank will advise the credit to the beneficiary without adding its confirmation. Bank may add the confirmation provided Negotiation is restricted to Cosmos Bank and tenor is less than 180 days for usance LCs.
6.3.3	**Scrutiny of request** Trade Officer should a) Read the LC thoroughly. b) Check for conformation to the above 2 conditions (Less than 180 days & Restricted to Cosmos Bank). c) Check for any clause, which we may not be able to comply with. d) Check for dubious clauses in the LC. e) Check who will bear the charges. f) Its option of the bank to confirm or not to confirm the LC as per LC issuing bank Credibility. **Trade officer may request for amendment of certain clauses, if required.**
6.3.4	**Booking of Bank line** As the Bank is taking exposure on LC issuing Bank, approval from AG/GM Forex is sought

	for booking Bank line and then limit is blocked for the said confirmation.
6.3.5	**Confirmation Advice & Charges** Once the transaction is approved by FI team for booking of Bank line and charges, the Confirmation is approved by concerned officer and Confirmation advice is generated and shared with client. Along with Confirmation Advice, the schedule of confirmation charges is also sent to client (beneficiary) if LC calls states so. If Confirmation charges are to be collected from applicant, a SWIFT is sent to the issuing bank mentioning the details of LC confirmed, the charges amount and the account to be credited

EXPORT LC ADVISING PROCESS FLOW



DOCUMENTS UNDER EXPORT LETTER OF CREDIT

INDEX

7	**Documents Under Export Letter Of Credit**
7.1	**Product synopsis** Transactions documents play very important role in Letter of credit transactions. The negotiation of LC, Payment under LC, Confirmation would entirely depend on submission of transactional documents as per LC and within stipulated time at stipulated place. Bank should be extra vigilant while scrutinising the documents under LC.
7.2	**Submission of the export document under LC** Counter Staff should do basic checks on i.e. • covering letter is signed by the authorised person of the company, • document is submitted pertains to our bank only, • number copies specified in the covering schedule is matching, • 3 original B/Lading is submitted and • other original is submitted as specified in the customer's covering letter • If customer request in its letter for financing i.e. Purchase/Discount/Negotiation of export documents under LC then it is to be done only if the client availed sufficient credit limit sanctioned by the bank and balance available in client account. Post this, an acknowledgment should be given to client.
7.3	**Scrutiny of Documents**
7.3.1	**Scrutiny of Export LC** Trade Officer should check key points of LC as below; (where the LC is not advised through Cosmos Bank) a) Original Export LC along with all the amendment if any are submitted b) Check that Original LC is issued by an International reputed bank. c) LC is not expired d) Original LC along with the amendment if any is authenticated by the advising bank. e) Verify the signature of LC advising bank before handling document under the LC. f) Check whether LC calls for confirmation, if so whether same is done or not. If confirmed by other bank for your customer, inform the customer that the documents have to be forwarded to the LC confirming for processing, check the document as per LC terms and sent to the confirming bank with instruction to negotiate and make payment as per LC terms. g) Check for limit against LC issuing bank in case bank has to negotiate and provide funds. h) Check shipment is not to the sanction countries i.e. shipment to Iran, Cuba, Sudan not allowed as these countries under sanction list.

	i) Check whether transshipment is permitted, which normally not acceptable or avoided due goods getting damaged or lost and sanction country issues. **j)** Port of unloading is not sanctioned country port i.e. Iran or sanctioned country port
7.3.2	**Checking of Export Documents under LC (Observation/discrepancies cannot be rectified)** Once Export LC is scrutinised, the document under the LC needs to be checked and compared with the LC requirement for which following process/checks to be followed: a) Check the Shipment is done within the specified date as per LC i.e. no delay in shipment, even in the case of part shipment, it is normally specified that the part shipment must be made within the specific date. b) LC is not expired c) Excess shipment is not made i.e. shipment is not made for more than the LC value unless tolerance is permitted, and the excess shipment is within the tolerance amount d) Short shipment is made which is not permitted as per LC. e) Part shipment is made which is not permitted as per LC terms. f) Transshipment is made by the customer which is not permitted g) Insurance policy /cover note must be provided as required under LC and date of cover should be effective from the last date of loading/taking in-charge of the goods. The policy must be issued by the Insuring Company /Agent /underwriter. h) The amount of insurance must be as per the credit or as per UCP 600 sub Article 34 F. Description of goods must be as per LC/Invoice. All risk cover must be as per terms of LC. i) Care be taken on AWB documents as it is non-negotiable it is consigned to overseas bank and not to the buyer and date of dispatch should be specified in the airway bill. j) Check the vessel name are not Iranian origin or from the sanctioned country vessels. The above specified observation/discrepancies cannot be rectified unless LC is amended or accepted by the LC issuing bank.
7.3.3	**Checking of other additional documents submitted under LC - (Observation/discrepancies, which can be rectified)** Checking of all the documents submitted under LC are as per LC terms. Please follow the below steps: a) Check all the document are submitted as per the LC terms b) Number of Original documents are submitted as specified in the LC i.e. B/Lading 3 originals, originals of commercial invoice, Packing list, certificate of organ, test certificate, chemical certificate/report etc.

	c) The number of copies for the above documents are submitted as per LC terms i.e. copies for Bill of lading, commercial invoice, packing list, certificate origin, test certificate, chemical certificate/report etc. d) Document like Bill of Exchange/Draft, invoice, packing list and other document prepared, issued by the beneficiary are signed as per the LC terms e) The currency, amount mentioned in the Bill of Exchange, Invoice should match as per the LC terms unless interest amount is also included as per the requirement in the LC. f) Date and LC number should be specified in Bill of Exchange, Invoice and other documents if the LC terms requires the same. g) Bill of Exchange should be drawn as per the LC terms h) Tenor of the draft should be as per LC Terms. i) Amount in figure and words should tally in the drafts and in invoice. j) Commercial Invoice should be issued as per LC terms and not provisional or proforma invoice k) Details of goods, price, details of shipping marks, numbers, mode of transport must be consistent with other documents l) Details of shipment, packing, weight, freight and charges must correspondent to other documents. m) Shipping document/Transport Document - Full set of documents i.e. in of case Bill of Lading 3 original plus 3 non-negotiable copies as per LC terms. n) Consignee name should be specified as per LC terms o) Name and address of notify party should be given. p) Description of goods as per LC terms and should consistent as specified in other documents q) Appropriate endorsement should be done if required as per LC terms. r) Freight should have specified as per LC terms s) Bill of Lading should be clean without any adverse comments
7.4	**Additional document as per the RBI regulation** Declaration forms such as EDF/PP/ Shipping Bill form which are customs certified as per regulation should be submitted
7.5	**Refer to customer on discrepancies observed.** Discrepancies observed while checking the document should be communicated to the exporter in writing, seeking immediate revert from the customer for further course of action on the same, as any delay may cause additional discrepancies of late submission
7.6	**Documents returned to customer for rectification** Only the discrepant documents which customer will try to rectify should be delivered to them across the counter against a proper acknowledgment.
7.7	**Customer submits the rectified documents to bank**

	Check for any fresh document is submitted instead of rectifying on the old document or separately additional document is submitted which was not sought by the bank. The risk is if fresh document is submitted the same need to be re-checked fully to avoid any fresh discrepancies. Client may submit new additional document, which may not be required under LC. If client insist to add such documents along with original set of documents, this additional document need to be checked for discrepancy and for any contradiction with other set of documents. Bank may decide whether to include this additional document in the full of set documents or not. This can be highlighted to AGM / GM for approval.
7.8	**Re-checking of rectified document submitted by customer.** Re-check the rectified documents for proper rectification as per the LC terms, if found ok include the same in the LC documents to be send to the LC opening/confirming bank or as specified in the LC.
7.9	**Discrepant documents - non-rectifiable discrepancies** Few discrepancies which cannot be rectified like expired LC, late shipment, late submission, excess shipment, short shipment etc., should be highlighted to customer and take confirmation in writing whether document can be despatched as it is highlighting the discrepancies or without highlighting discrepancies on approval basis on the exporter's risk. Client may obtain new amendment to clear out these discrepancies and document can be sent as LC Compliant documents.
7.10	**Recording of Documents into the bank's record.** All the details like proper LC no. drawee, drawer name and address, Proper bank name, address, details of the documents attached along with number of original and copies attached as per LC terms any additional condition as per LC to be specified and reimbursement instruction should be entered correctly and dual checking of the same to be done before authorising in the system. The document amount is endorsed on the original LC to track the LC value if it is part shipment or full shipment to avoid duplication and fraud.
7.11	**Authorising the details in the banks` system.** The inputting and authorisation should be done by two different authorised officials of the bank. Before authorising the transaction, the concerned official should independently check the details with LC to avoid error.
7.12	**Printing of Schedule by the bank** After authorisation the schedule is printed which carries all the required details as per LC terms and local regulation if any.

7.13	**Sorting of Despatch Documents** Trade Officer should sort all the export documents as per the LC requirements by cross verifying against the original LC. Check that all the documents including i.e. Number of originals and copies are attached
7.14	**Signing of Banks covering Schedule by bank official for despatch.** Check the printed covering schedule for correctness by 2 officials of bank, who should also sign covering schedule for despatch and verify the endorsement on the LC and put their initial on the same.
7.15	**Courier** Documents should be couriered on right address and details of courier should be noted. **Tracking the courier delivery** Delivery of the document at the LC opening bank/confirming bank should be tracked and copy of the delivery receipt should maintained with banks record.
7.16	**Document acknowledgement copy to customer** Copy of the document along with banks covering letter should be given to customer for their record
7.17	**Copy of the document in banks record.** Copy of the document is filed in the banks record along with copy of the LC with proper endorsement on the same.
7.18	**Tracking for payment /acceptance** Trade Officer should track the payment in case of immediate payment or acceptance on as per the LC terms and send swift message to the LC issuing bank/Confirming bank. Client also should be kept informed. If the payment / acceptance is not received in the 10 working days, it should be escalated to Branch Manager / Senior Manager and reminder swift should be sent to Issuing Bank. The swift should ask for immediate payment with interest for the delay in case of sight LC. In case of Usance LC, the message should state that the required number of days for acceptance are already over and the Document is constructed as accepted.
7.19	**Discrepancy Management** Issuing Bank may raise few discrepancies. The same need to be communicated to Client and resolve the same. The discrepancies which can be resolved, should be resolved and the documents illustrating the same should be forwarded to Issuing Bank. However, few discrepancies cannot be resolved, in such scenario client is at risk and dependant on Importer. Importer may approve the discrepancies and the Issuing bank can send acceptance message and remit the payment on due date. If the discrepancies are not accepted by Importer, issuing bank may send message requesting instruction for handling the document. Exporter may request for return of document and / or sell the goods to different buyer whom the documents can be handed over. Trade officer should maintain record of such communication / swift messages along with

	transaction documents and keep Branch Manager / senior manager informed on status of the case.
7.20	**Negotiation / Financing Export Documents Under LC** Bank may offer Post Shipment Financing for documents under LC. If the documents are Credit Compliant, Bank may negotiate the LC document and pay upfront to client after deducting Interest and other charges. Bank may also await acceptance message from LC issuing Bank before negotiating the LC document. This is called as Post Acceptance Discounting. In both cases, Trade officer should ensure that the limit of LC Issuing Bank / Confirming Bank is available and approved by Credit. The pricing would depend on Credit standing / internal rating of Issuing bank, tenor, etc. Issuing Bank's limit is blocked and transaction is taken up for processing & Financing. Bank may also offer financing for export document under LC before acceptance / discrepant document on with Recourse basis. In such scenarios, Client's limit is blocked (and not Issuing Bank's Limit) and financing processed. The Process highlighted in Post Shipment Export Financing is followed for Negotiation / Discounting of documents under LC.
7.21	**Realisation of payment** As per the terms of the LC the export payment is received in the banks Nostro account and the same is identified and adjusted against the outstanding export bill in the system. The post shipment loan against the same is liquidated and bill is closed in the system as fully paid.
7.22	**Delayed credit** If the payment is delayed, the follow up is done with the LC opening/Confirming bank and interest is claimed from them for the delayed period

MODULE II: IMPORTS

IMPORT COLLECTION AND PAYMENT

8	**Import Collection**
8.1	**Product Synopsis: -** This section covers the one of the oldest and the simplest of part of Trade Operation Process viz. handling Documents on Collection Basis. It included handling Import documents under D/P (Documents against Payment), D/A (Documents against Acceptance) and Documents on Open account (and not Under Letter of Credit). The collections are governed by Uniform Rules for Collection ICC Publication No 522. In India, cross border trade is further governed by Trade Policy, Regulations under FEMA and Rules framed by RBI under these regulations. Collection is nothing but handling documents in accordance with instructions received, in order to; 1. Obtain Payment and / or acceptance, 2. Deliver Documents against Payment and / or against Acceptance, 3. Deliver documents on other terms & Conditions. Just as any business, this business also is required to be handled with care and efficiency, which would generate fee based income and foreign exchange income without any financial exposure on client. Bank assures efficient service to clients through the wide network established overseas through FI relationship.
8.2	**Operational Process (including Exceptions and Escalation)**
	Bank can receive Import Documents from three sources a. From Exporter's Bank b. From our client (Importer) c. From Exporter directly
8.2.1	**Receipt of Import Documents from Overseas Banks** Overseas Bank would send the Documents for collection. The documents details are entered in Inward register and stamp of Date and time is also affixed on document for further reference.
	Designated Staff in the Trade Department would conduct further scrutiny before taken up for processing. The Key points to check are: a) Proper covering letter from the Overseas Bank/Overseas Client as the case maybe incorporating rules for collection ICC Publication No. 522. b) Enclosure details of the documents along with copies such invoice, transport documents etc. c) Terms of payment/delivery of document i.e. DP/DA d) Remittance instruction with the swift ID and Account number e) Charges to be collected from the drawee if any. f) If the shipment is from sanctioned countries. (When in doubt, please refer the said transaction to AGM, Trade or Compliance dept. In no situation, this is to be discussed with Client before any instruction is received from AGM / GM /

	Compliance Department g) Please check for any specific instruction given for collecting Bank. (for e.g. Collection specific certificate, submission of specific undertaking, etc.)
8.2.2	**Receipt of Import Documents from Our Client (Importer)** Our Client (Importer) would submit the documents at the counters of Bank, which have been received by him directly from Exporter (Overseas Supplier). Bank staff at the counter should give acknowledgment to client and properly scrutinize documents before taking it up for processing. The key points to check are; a. The covering letter is signed by the authorised person of the company. b. Client (Importer) proper letter to handle the documents as per ICC Pub. No. 522 specifying Bank as an acting agent for the same. c. Check Invoice value and Bill of Entry value tally. d. In cases where there is a discrepancy between the Bill of entry and invoice amounts, explanation is sought from the client. e. In cases where the documents are not submitted within the time stipulated by RBI i.e. 6 months from the date of shipment, it need to be ensured that the reason for late submission is provided by the client and held in their records. Banks are authorized to allow the delayed remittance as exception up to 3 years from the date of shipment. Check RBI Caution list, shipment (Port of Loading) is not to the sanction countries. If the shipment is to sanctioned countries, or when in doubt, please refer the said transaction to AGM, Trade or Compliance dept. In no situation, this is to be discussed with Client before any instruction is received from AGM / GM / Compliance Department.***(Please refer Import Payment para 5.6.2 of Manual for documents received from Importer)***
8.2.3	**Receipt of Import Documents from Overseas Supplier (Exporter)** At the request of Importer Client (Importer) proper letter to handle the documents as per ICC Pub. No. 522 specifying bank as an acting agent for the same. Bank may receive Import Documents directly from Overseas supplier (Exporter), provided bank is fully satisfied about the financial standing/status and track record of the importer customer. a) Trade Officer should immediately inform AGM / GM whenever, any import Document is received from Overseas supplier directly. b) Bank should obtain a report on each individual overseas supplier from the overseas banker or a reputed overseas credit agency if its first time import by our importer from overseas supplier(Exporter) (However, such credit report on the overseas supplier need not be obtained in cases where the invoice value <u>does not exceed USD 300,000</u> and bank is satisfied about the bonafied of the transaction and track record of the client.) c) The documents should be taken up for process only after approval is obtained from AGM / GM **or a**ny other authorised person nominated for the same. If it is noticed that there are multiple incidences of receiving documents from overseas supplier directly in case of particular client, Bank may obtain specific clarification from client about the transaction, Contract, overseas supplier, reasons for not routing the docs

	through banks of Overseas supplier, etc. to satisfy itself about genuineness of transactions.
8.3.1	**Documents** Bank would receive documents which can be divided into two parts 1. Documents Required for processing transaction and 2. Optional documents / additional documents 1. Documents Required for processing transaction These documents are must for processing the transaction and the transaction can be put on hold till Bank receives these documents a) Covering Letter from Overseas Bank/Client b) Commercial Invoice c) Transport Document -B/L (3 originals) /AWB/LR.
8.3.2	**Optional document / additional document** These are optional documents and may or may not attached as per contract between Client and its buyers a) Packing list 1 original b) Insurance Policy / Cover Note as per terms of shipment (with appropriate endorsement) ,Bill of exchange (as per payment term) c) Any other documents
8.3.3	**Document Handling Instructions** Overseas Bank/Client may give certain specific instruction to bank to handle the document in a specific way, for e.g. delivery document against specific undertaking from the buyer on their letter head to make payment on due date or else interest will be charged for delayed payments, if not acceptable to the buyer, return the document without further delay, etc. These instructions need to be carefully noted and clearly highlighted in Collection memo which would be prepared for Importer. If any such instruction is beyond control of Bank, it should be highlighted to AGM / GM for further instruction. Bank may take a call to return the document if such instructions are beyond control of Bank. Remarks to this effect should be highlighted on Checklist / document. The issues may be communicated to the Overseas bank through swift / Overseas client in writing through mail / Swift or courier immediately, (If document is received by 12.00 pm same day, the documents received after that, next working day) seeking clarification from the Overseas bank/client for further course of action on the same and disposal instructions for documents.
8.3.4	**Return of Documents to overseas Bank** a. The documents for which Bank is not able to / not willing to handle collection or Overseas Bank does not respond to the swift messages, are returned to them with prior intimation to them specifying our charges for handling and dispatching these documents. If the covering schedule of the bank stipulates days for holding the documents then that instruction should be adhered.

	b. Documents with payment terms D/P are returned in case the remittance is not made for considerable period of time which would be maximum 60 days, Or Acceptance is not given by Client for D/A documents, even after reminder to the importer with intimation to the overseas bank. c. Bank may hold the document for period of 30 days from the date of receipt and return it if no response is received from client / Overseas Bank (The duplicate copies of returned document are retained and sent to go down with the clear details. If the covering schedule specifically mentioned the no. of days for the documents to be retained then those instruction to be followed. d. Before returning the documents, specific prior approval will be obtained from of AGM / GM, and recorded.
8.4	**Transaction Authorisation** a. The inputting and authorization should be done by two different authorised officials of the bank (Maker / Checker concept). b. Before authorising the transaction, the concerned official should check for the correctness of data. **c.** Client's acknowledgement for receipt of Document should be retained with copy of Import Documents for record.
8.5	**Customer request for release of original document** The customer request is verified by the counter staff or other bank official for the correct contents, signature verification, necessary undertaking as per RBI regulations and fund position to process the DP documents. For release of document against acceptance (DA) the signature is verified on the acceptance letter or Bill of Exchange
8.5.1	**Releasing documents in case of DA bills** a. In case of DA document is delivered to customer based on acceptance of letter or Bill of Exchange/Draft as specified in the banks instruction. Stamping to be done if Bill of Exchange/Draft is drawn for more than 90 days as per prevalent guidelines. b. DA document is released by doing the necessary endorsement if required on the Bill of Lading and certifying the invoice. c. DA Import payment process is same as DP document on Due Date or specified by customer account is debited in the future on due date and the payment process is followed as per terms or may be delayed, due to non-availability of fund on due date.

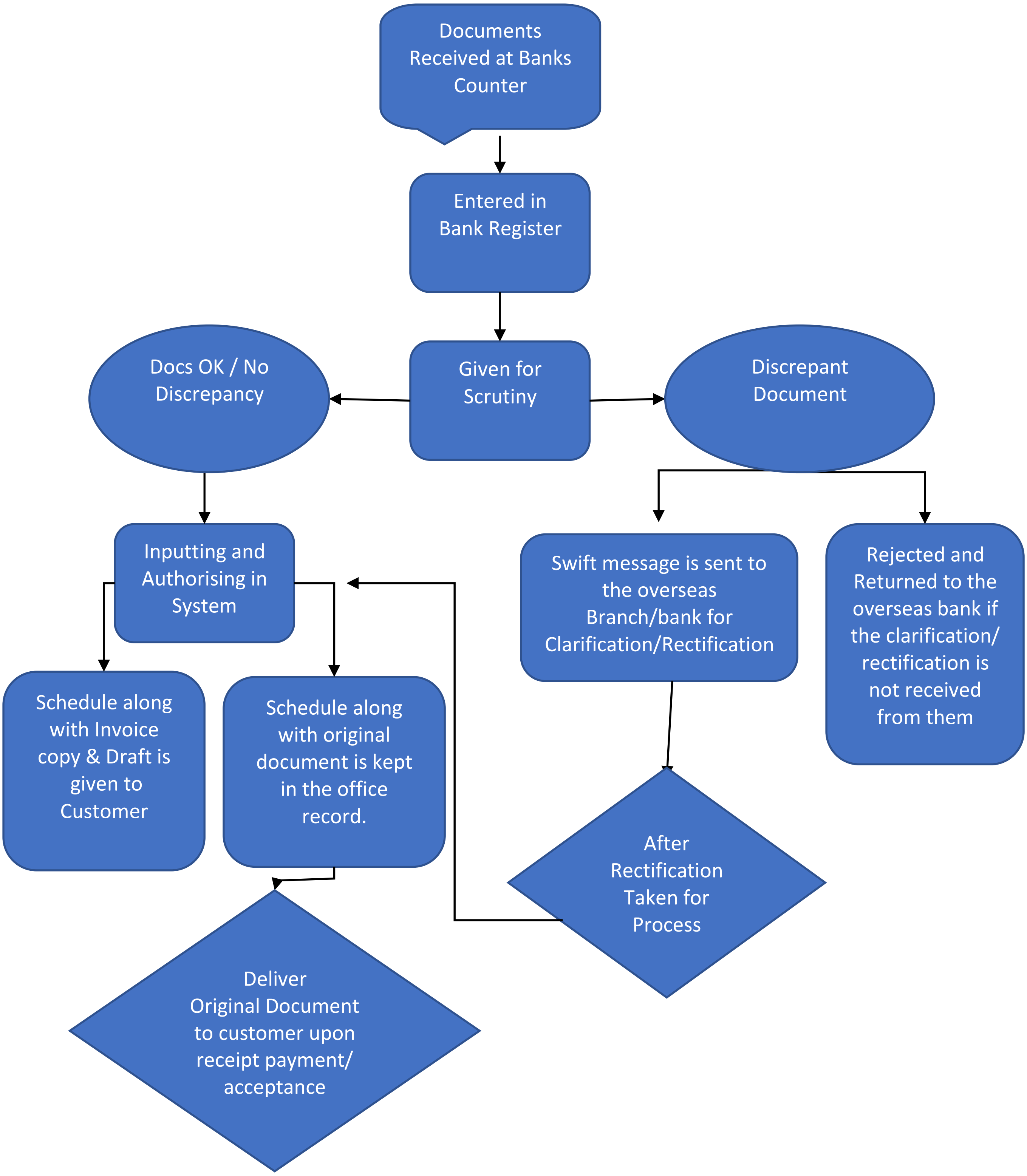
8.5.2	**Releasing document in case of DP bills** a. In case of DP documents, instruction to debit their account along with necessary FEMA and Bill of Entry undertaking submitted to Bank b. After all the required check and signature verification the request is taken for processing. In the case of documents against payment (DP) fund position is checked and fund is blocked or lien marking is done on the account c. In the case of DP document, import remittance to be made, the Trade dept. will intimate the Treasury dept. for foreign exchange conversion rate. The Treasury will provide the exchange rate or customer EEFC account is debited if customer has instructed for the same. **d.** Upon receipt of FX rate the import payment is processed by debiting customer account along with the charges as per customer category. MT 103/202 Swift message is prepared/sent with full payment details as received from overseas branches/banks. **e.** The DP document is released by doing the necessary endorsement if required on Bill of Lading and certifying the invoice.
8.6	**Import payment** Trade officer should ensure that all transaction related documents are submitted by client for executing Import Payment transaction. Payment is remitted immediately if it is drawn on DP terms or on due date if it drawn on DA / open account. Payment is made to the bank and account as instructed by the overseas bank. Following minimum documents need to be checked; • Request letter • Commercial Invoice, • Bill of Lading / Airway Bill • IDPMS entry Date / Bill of Entry NO / Port Code • FEMA Undertaking. Import remittance made should be against specific transaction in IDPMS or should be uploaded in IDPMS where bill of entry is still not reflected in IDPMS.
8.6.1	**Tenor for Import Payment** Import Payment should be made within six months from the date of Shipment except where Amounts are withheld towards Guarantee of Performance, etc In case of delay in payment beyond six months, Bank need to be ensured that the reason for late submission is provided by the client and held in records. Such case should be referred to GM / AGM for approval and should be processed post approval only. (Bank may permit delay on account of disputes, financial difficulties, etc.) Payment of Interest is allowed for usance bill or overdue bill for maximum period of three years from the date of shipment. The maximum rate would be the rate prescribed for Trade credit as per prevalent guidelines. Any payment of Interest on import bill would need specific approval from GM / AGM **(**Refer Master Direction – Import of Goods and Services – C.2)

	Bank should insert proper remark in IDPMS for all these transactions.
8.6.2	**Import Payment for Documents Submitted by our Client (Importer)**
8.6.2.1	**Import Payment for Documents Submitted by our Client (Importer)** Importer may receive the documents directly from Overseas supplier, however, these documents should be submitted to Bank for Regulatory reporting and remittance of Import Payment. Bank is <u>NOT</u> supposed to make import payment for such document received from client <u>EXCEPT</u> in following cases 1. Where the value of Import Bill is not more than USD 300,000 2. Import Bills received by wholly owned subsidiaries of foreign companies from their Principals. 3. Import Bills received by Status holders, EOUs, Units in SEZ, Public Sector undertakings 4. Import Bill received by all limited co.s viz. Public limited, Deemed Public, Private Limited
8.6.2.2	**Imports by Non-status holders – Rough Diamond** In case of Imports by **Non status holders**, where the importer of rough diamonds, rough precious and semi-precious stones, has received the import bills / documents directly from the overseas supplier and the documentary evidence for import is submitted by the importer at the time of remittance, the import payment can be allowed <u>up to USD 300,000.</u> (Refer Master Direction – Import of Goods and Services – C.6.2)
8.6.2.3	**Imports by Status holders – Rough Diamond** Status holder importers dealing in the import of rough diamonds, rough precious and semi-precious stones can receive import bills directly from the suppliers without any ceiling. However, such payment should be made subject to the following conditions: (i) The import would be subject to the prevailing Foreign Trade Policy. (ii) The transactions are based on their commercial judgment and Bank is satisfied about the bonafides of the transactions. (iii) KYC and Due diligence has been conducted for this importer and Bank is fully satisfied about the financial standing / status and track record of the client (importer). (iv) A report is obtained on each individual overseas supplier from the overseas banker or reputed overseas credit rating agency. (v) Kimberly Certificate duly certified by Gems and Jewellery Promotion Council is required. (Refer Master Direction – Import of Goods and Services – C.6.2)
8.6.3	**Import Payments of Documents received from Overseas Supplier (Exporter)** In case of import payment of document received from Overseas Supplier (Exporter), Bank should obtain a report on each individual overseas supplier from the overseas banker or a reputed overseas credit agency before remitting the payment. If this report has already been obtained earlier while processing the transaction of collection and same is less <u>**than 1**</u>

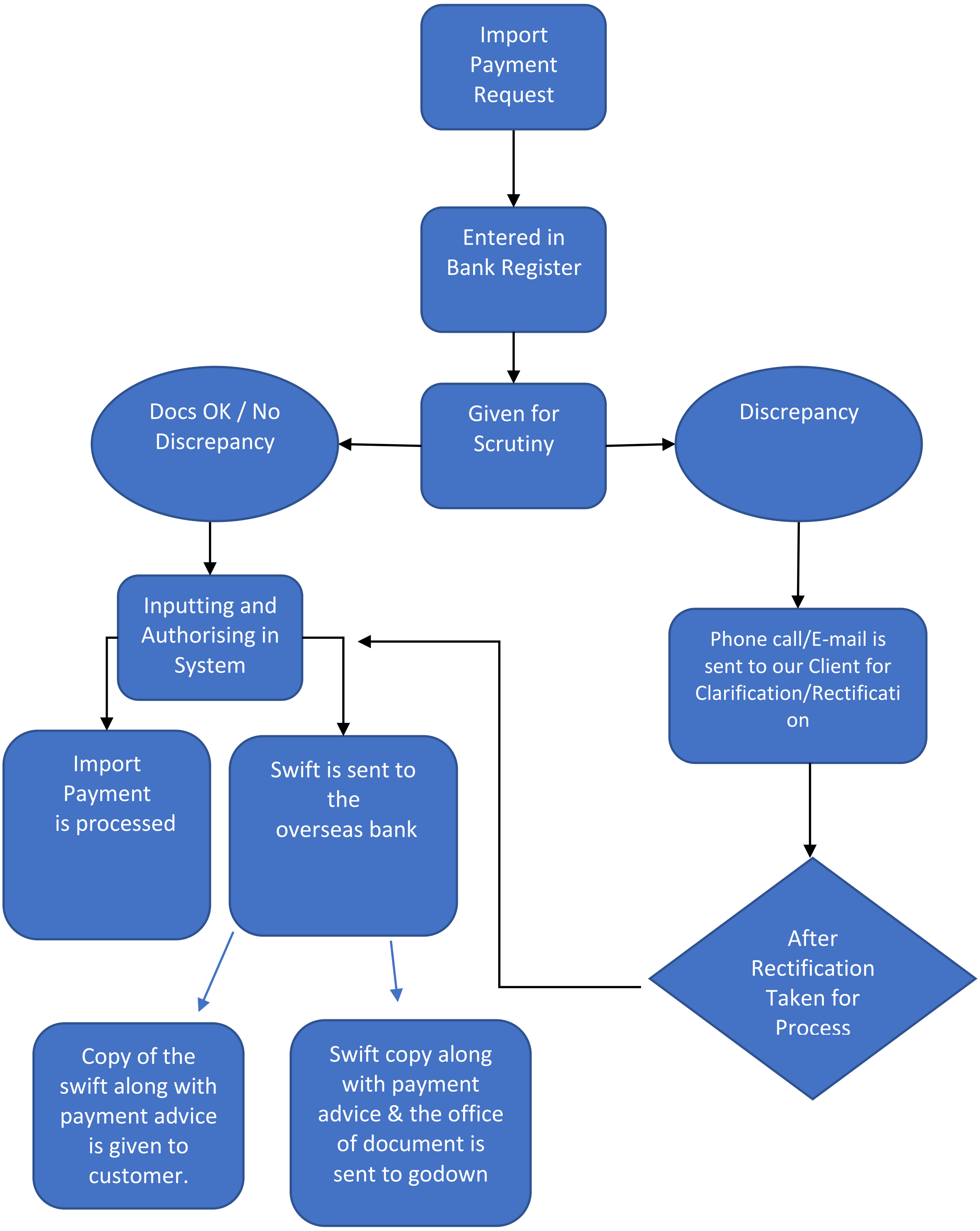
	year old, then new report need not be obtained. However, such credit report on the overseas supplier need not be obtained in cases where the invoice value does not exceed USD 300,000 and bank is satisfied about the bonafides of the transaction and track record of the client. The documents should be taken up for process only after approval is obtained from AGM / GM or any other authorised person nominated for the same. If it is noticed that there are multiple incidences of receiving documents from overseas supplier directly in case of particular client, Bank may obtain specific clarification from client about the transaction, Contract, overseas supplier, reasons for not routing the docs through banks of Overseas supplier, etc. to satisfy itself about genuineness of transactions. Payment to overseas supplier (Exporter) should be made to overseas supplier bank only. (Refer Master Direction – Import of Goods and Services – C.6.1 to 6.3)
8.6.4	**Pre-Payment or Early Payment of Import Document** Banks are allowed to make Pre-payment or early Payment of Import bill before due date only after reducing the proportionate Interest for unexpired portion of Usance at the rate at interest has been claimed or at LIBOR of Invoice currency, where interest rate has not been specified. Bank should insert proper remark in IDPMS for all these transactions. (Refer Master Direction – Import of Goods and Services – C.6.2)
8.6.5	**Part payment of Import bill** Trade officer can process the request for part payment of import bill, subject to following guidelines; a. Covering letter of overseas bank may specify part payment may be allowed. b. IF in Invoice its mentioned part payment then Bank may remit part payment of bill as instructed by Client. However, Overseas Bank need to be informed and take specific approval through swift if collection instruction does not allow part payment. (Client may submit communication with Buyer approving the same.) **c.** If the overseas bank confirms that this is full & final settlement of the invoice, the process the bill can be closed in the system and swift message can be sent to the overseas bank.
8.6.6	**Non-payment of Import collection bill on Due Date** On due date if the importer does not arrange the fund to make remittance, tracer/reminder is sent to the importer to make necessary arrangement of fund urgently to make the payment. The overseas branch/bank is also intimated through swift about the non-payment and further course of action if any. Bank should send regular reminder after every 15 days as per the internal policy to importer and overseas bank. If the Bill of Exchange has been accepted by Client and customer has not made payment, Bank may NOT protest the BOE. If Bank is not willing to take on responsibility of Protest, it may intimate overseas bank clearly of its inability to register a protest of BOE in case of non-payment at the time of Receipt of Doc's MT 420.

8.6.7	**Follow up /updation of Bill of Entry** a. Importer should be reminded for immediate submission of Bill of Entry for DP documents and in the case of DA document import payment should not made without the submission of Bill of Entry unless importer gives valid reason for non-submission which to be approved by the bank official. Specific approval for AGM / GM should be obtained for the payment. (Refer Master Direction – Import of Goods and Services – C.10) b. Upon sighting Bill of entry in IDPMS, the payment against it should be updated in IDPMS and banks` internal record to avoid reminder and wrong reporting to RBI.
8.7	**Interest on Import** Payment of Interest is allowed for usance bill or overdue bill for maximum period of <u>three years from the date of shipment.</u> The maximum rate would be the rate prescribed for Trade credit as per prevalent guidelines. Trade officer should obtain 15 CA & CB for the same as per extant guidelines. Banks are allowed to make Pre-payment or early Payment of Import bill before due date only after reducing the proportionate Interest for unexpired portion of Usance at the rate at interest has been claimed or at LIBOR of Invoice currency, where interest rate has not been specified. Bank should insert proper remark in IDPMS for all these transactions. Any payment of Interest on import bill would need specific approval from GM / AGM. (Refer Master Direction – Import of Goods and Services – C.2)

PROCESS FLOW FOR IMPORT DOCUMENT RECEIVED FROM OVERSEAS BANK



PROCESS FLOW FOR IMPORT PAYMENT



TRADE CREDITS (BUYER CREDIT)

INDEX

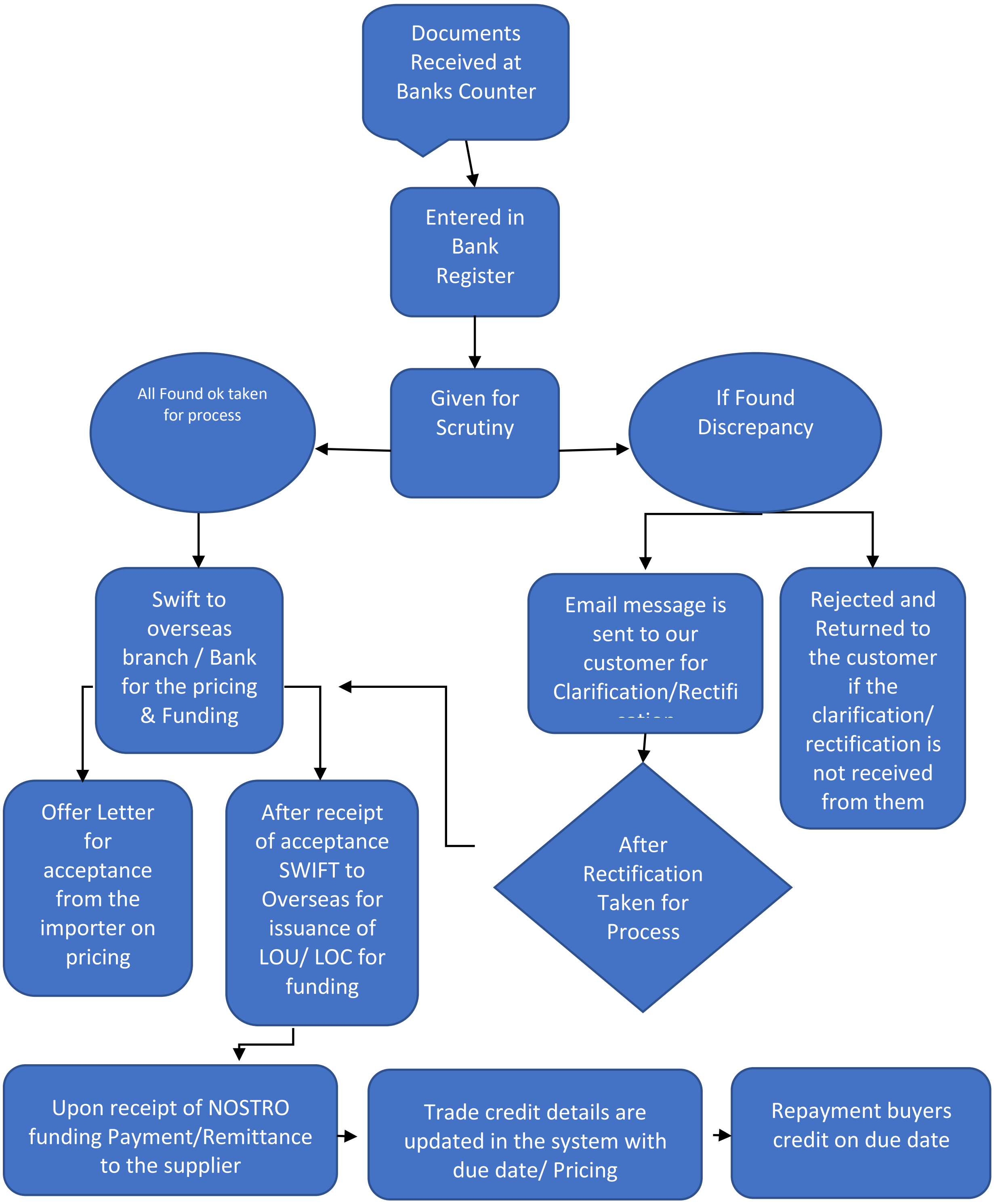
9	**EXTERNAL COMMERCIAL BORROWINGS**
9.1	Product Synopsis External Commercial Borrowings are loans in India made by Non-Resident lenders in Indian Rupees INR OR Any convertible currency to Indian borrower **Form** External Commercial Borrowings (ECB) refers to commercial loans in the form of • Loans including bank loans; • Securitized instruments (e.g. floating rate notes and fixed rate bonds, nonconvertible, optionally convertible or partially convertible preference shares / debentures); • Trade Credits (Buyers' credit; Suppliers' credit;) • Foreign Currency Convertible Bonds (FCCBs); • Financial Lease; and • Foreign Currency Exchangeable Bonds (FCEB) Availed of from non-resident lenders with a minimum average maturity of 3 years.
9.1.1	**Route** ECB can be accessed under two routes, viz, (i) Automatic Route (ii) Approval Route
9.1.2	**Automatic Route** ECB for investment in real sector, industrial sector, infrastructure sector and specified service sectors in India as indicated are under the Automatic Route i.e. do not require Reserve Bank/Government of India approval. In case of doubt as regards eligibility to access the Automatic Route, applicants may take recourse to the Approval Route. It is clarified that eligibility for ECB in respect of eligible borrowers, recognized lenders, end-uses, etc. have to be read in conjunction and not in isolation.
9.1.3	**Eligibility to avail ECB** Corporate including hotel, hospital, software sectors (registered under the Companies Act 1956) and Infrastructure Finance Companies (IFCs) except financial intermediaries such as banks, FIs, HFCs, and NBFCs are eligible to raise ECB. Units in SEZs are allowed to raise ECB for their captive requirements. NGOs engaged in micro finance activities are eligible to avail of ECB (subject to certain conditions). Trusts and Non-Profit making organizations are not eligible to raise ECB.
9.2	**BUYER CREDITS**
9.2.1	**Product Synopsis** Buyers Credit is most sought-after financing product by corporates in India. It is one of the easiest and cheaper option for Import Financing Buyer credit refers to loans for payment of imports into India arranged by the importer from overseas bank or financial institution. The overseas banks usually lend the importer (buyer in India) based on the letter of

	comfort / letter of Undertaking issued by the importer's bank in India, where it is responsibility of LOC / LOU issuing bank to make the payment on agreed due date. Buyers Credit is covered under Master Direction - External Commercial Borrowings, Trade Credit.
9.2.2	**Eligibility to avail Buyers Credits** All importers of Goods can avail this facility within the RBI regulations and internal guidelines of the bank i.e. Credit approval from Regional Head of respective region of Importer where Importer belong. Imports should be as permissible under the extant Foreign Trade Policy of the Director General of Foreign Trade (DGFT).
9.2.3	**Automatic Route** Banks may approve Buyers Credit for import of noncapital and capital goods up to USD 20 million or equivalent per import transaction.
9.2.4	**Approval Route** The proposals involving Buyers Credit for import of non-capital and capital goods beyond USD 20 million or equivalent per import transaction would need prior approval of RBI.
9.2.5	**Tenor** The maximum tenor for non-capital goods is up to one year from the date of shipment or the operating cycle whichever is less. For capital goods, the maximum tenor is up to five years from the date of shipment. For trade credit up to five years, the ab-initio contract period should be minimum 6 (six) months. No roll-over/extension will be permitted beyond the permissible period
9.2.6	**Cost of raising Trade Credit** The all-in-cost ceiling for raising Trade Credit is 350 basis points over 6 months LIBOR (for the respective currency of credit or applicable benchmark) as per current guidelines. The all-in-cost include arranger fee, upfront fee, management fee, handling/ processing charges, out of pocket and legal expenses, if any. Trade officer should check the pricing guidelines for Buyers Credit issued by RBI from time to time.
9.3	**Operational Process** The key services offered by Bank is to identify Bank / FI outside India which can lend client (Importer) against letter of comfort / letter of Undertaking issued by Cosmos Bank. Bank would then issue LOC / LOU to lending banks and ensure that 1. the Lending bank remits the fund to issuing bank nostro account to for payment of Import Bill on due date to Beneficiary (Exporter in transaction) 2. Make the payment to Lending Bank on due date. Trade officer should ensure that both these activities are done diligently and with efficiency.
9.3.1	**Client Request** Client's request for issuance of LOC / LOU for Buyers credit is acknowledged with the date

	& time stamp at the counter along with Undertaking cum indemnity for each transaction.
9.3.2	**Scrutiny of the request letter** Request letter is scrutinised for the transaction details, Nature of goods (Capital / non-Capital), documents attached, tenor of Buyers Credit, details of beneficiary, etc. If any of these details are missing, the same are communicated to client and rectified.
9.3.3	**Documents Required** Trade officer should ensure that following documents are received from client 1. Request letter for issuance of LOU / LOC 2. Offer Letter given by Lending Bank 3. Copy of Invoice and Bill of Lading 4. Authority to debit account on due date 5. FEMA undertaking 6. Undertaking to submit 15CA & CB, Form A2 at the time of repayment 7. Undertaking cum indemnity If the Import documents have been handled by other bank, Trade officer should obtain NOC from document handling Bank. (As per extant guideline, 15CA/CB would not be required where lending bank is Branch of Indian bank)
9.3.4	**Booking of liability** Necessary liability entry processed with the full details of the transaction i.e. name and address of the Overseas bank/branch from the trade credit is availed, importer`s name and address, the value/currency of the transaction, bank reference number/LC number (if against LC), shipment date, commodities imported, port of shipment, port of discharged the due date for repayment along with the rate of interest, etc. The same is released to the authoriser
9.3.5	**Issuance of LOC** If all the documents are in order, the transaction is processed and authorised by Senior Manager / Branch Manager. LOC / LOU is issued via Swift in favour of overseas Bank / Lending Bank.
9.3.6	**Printing of advice** Transaction advice is printed and given to the customer with the details of due date for repayment.
9.3.7	**Tracking of Payment to Exporter** Trade officer should ensure that the overseas supplier (Exporter) is paid on due date by Lending Bank. A copy of swift / confirmation from lending bank should be obtained and attached with the transaction document. A copy of the same is also shared with Client for its record.
9.3.8	**Repayment on Due Date** It is the responsibility of the Importer’s Bank to recover the money from Importer and

	remit it back to the Foreign Financing bank with Principal + Interest and other charges as agreed on/before the Maturity date/ Due date On the due date/ maturity date, Trade officer should debit the importer`s account as agreed/accepted by the importer with the Principal and Interest and remit total financed amount including to Lending Bank. Before making the interest payment, bank should obtain 15CA/CB, Form A2 from the Client. The repayment can also be done from EEFC account of client. Trade officer should ensure that the payment should be made on due date without fail, otherwise an overdue interest may need to be paid to Lending bank.
9.3.9	**Roll over of the Trade Credit** If the client wants trade credit to be rolled over for additional period, the same may be allowed with the Credit approval of Regional Head and overseas bank/branch confirming the pricing and communicating to importer and taking confirmation from Client.
9.3.10	**Rollover process** Similar process is followed like the one done at the time granting original Trade credit transaction i.e. request for roll over from the importer, scrutiny of the request, seeking internal approval, etc. Roll over should not be more than 180 days at any given point of time.
9.3.11	**Swift & Advice Copy** Advice and swift copy is provided to Client for its record. One copy is filed with transaction document.

BUYERS CREDIT PROCESS FLOW



KEY PROCESS FOR IMPORT

10	**KEY PROCESS FOR IMPORT**
10.1	**Extension of Time limit for Imports** Bank can approve extension of time for settlement of import dues up to a period of six months at a time (maximum up to the period of three years) irrespective of the invoice value for delays on account of disputes about quantity or quality or non-fulfilment of terms of contract; financial difficulties and cases where importer has filed suit against the seller. However, before extension is approved, Bank need to ensure that 1. The import transactions covered by the invoices are not under investigation by Directorate of Enforcement / Central Bureau of Investigation or other investigating agencies; 2. For extension beyond one year from the date of Shipment (remittance in case of delay in submission of BOE where advance), the total outstanding of the importer does not exceed USD one million or 10 % of the average import remittances during the preceding two financial years, whichever is lower; and 3.Where extension of time has been granted by Banks, the date up to which extension has been granted need to be recorded in the 'Remarks' column. The extension shall be reported in IDPMS as per message "Bill of Entry Extension" and the date up to which extension is granted will be indicated in "Extension Date" column. Trade office should obtain relevant clarification and documents relevant to the situation from Client. The same need to be put up for approval with AGM / GM and post approval relevant changes should be made in system and in IDPMS. Bank can refer cases not covered by the above instructions / beyond the above limits, may be referred to the concerned Regional Office of Reserve Bank of India only if it is approved by GM / AGM However, if there are multiple requests from client over a period of time, the same should be discussed with client to understand reasons for the same. (Refer Master Direction B.5.4)
10.2	**Third Party Payment for Import Transactions** Banks are allowed make payment to Third Party subject to following; 1. Firm irrevocable purchase order / tripartite agreement is submitted. Client can also submit documentary evidence for circumstances leading to third party payments / name of the third party being mentioned in the irrevocable order / invoice. 2. Bank is satisfied with the bonafides of the transactions subject to Financial Action Task Force (FATF) 3. The Invoice has a narration that the related payment has to be made to the (named) third party; 4. Bill of Entry mentions the name of the shipper as also the narration that the related payment has to be made to the (named) third party; 5. Importer should comply with the related extant instructions relating to imports including those on advance payment being made for import of goods.

	Trade officer should put every case of third party payment for approval of AGM / GM and the transaction should be processed only after approval. Refer RBI Master Direction - Import of Goods and Services – B.7
10.3	**Issue of Guarantees by an Authorised Dealer** Banks are allowed to issue Bank Guarantee, Letter of Undertaking, and Letter of Comfort in respect of Import on Deferred Payment Terms. However, Bank need to follow key guidelines in case of **Service Imports** as given below; a. Guarantee can be issued only up to USD 500,000 or its equivalent on behalf of Service Importer other than a Public Sector Company or a Department / Undertaking of the Government of India / State Government: If the service importer is a Public Sector Company or a Department / Undertaking of the Government of India / State Government, no guarantee for an amount exceeding USD 100,000 or its equivalent shall be issued without the prior approval of the Ministry of Finance, Government of India. b. Bank may permit its client to issue corporate guarantee in favour of an overseas lessor for financing import through operating lease effected in conformity with the Foreign Trade Policy in force and under the provisions of the FEMA. c. Credit sanctioned of respective Regional Head Bank Guarantee limit available. The guarantee / LOU/ LOC would be issued by respective branches within its authority. However, all Guarantees issued for Service Imports need to be approved by AGM /GM. (RBI Master Direction - Import of Goods and Services – B.8)
10.4	**Remittances against Replacement Imports** Banks are allowed undertake Remittance for replacement is allowed if relevant terms and condition are met as per RBI guideline. (RBI Master Direction - Import of Goods and Services – C.3) Where goods are short-supplied, damaged, short-landed or lost in transit and if the Exchange Control Copy of the import licence (Restricted goods under FTP 2015-2020) has already been utilised to cover the opening of a letter of credit against the original goods which have been lost, the original endorsement to the extent of the value of the lost goods may be cancelled by the Bank and fresh remittance for replacement imports can be allowed without reference to Reserve Bank, <u>provided, the insurance claim relating to the lost goods has been settled in favour of the importer</u>. It may be ensured that the consignment being replaced is shipped within the validity period of the license. Trade officer should obtain documentary evidence in addition to request letter from the client for such remittance. Any remittance against Replacement Imports would need prior approval from AGM / GM.
10.5	**Guarantee for Replacement Import** a. Banks are allowed to issue Bank Guarantee for replacement of import if Credit sanctioned of respective Regional Head , Bank Guarantee limit available. In case replacement goods for defective import are being sent by the overseas supplier before the defective goods imported earlier are reshipped out of India, Bank may issue

	guarantee at the request of importer client for dispatch/return of the defective goods. Any such Guarantee for Replacement Imports would need prior approval from AGM / GM. RBI Master Direction - Import of Goods and Services – C.4
10.6	**Import of Equipment by Business Process Outsourcing (BPO) Companies** Banks are allowed to make remittance for import of equipment to be installed in connection with setting up International Call Centres subject to following conditions; 1. Necessary approval from the Ministry of Communications and Information Technology, Government of India and other authorities concerned have been obtained. 2. The remittance is made directly to the account of the overseas supplier. 3. A certificate as evidence of import is obtained from the Chief Executive Officer (CEO) or auditor of the importer company that the goods for which remittance was made have actually been imported and installed at overseas sites. 4. Bank is convinced about the bonafides of the transactions and the transaction is strictly in terms of the contract. RBI Master Direction - Import of Goods and Services – C.5
10.7	**Evidence of Physical Imports** In case of all imports, irrespective of Value of foreign exchange, Bank, need to ensure that the importer submits following; 1. The importer shall submit BoE number, port code and date for marking evidence of import under IDPMS 2. Customs Assessment Certificate or Postal Appraisal Form, as declared by the importer to the Customs Authorities, where import has been made by post, as evidence that the goods for which the payment was made have actually been imported into India 3. Courier Bill of Entry as declared by the courier companies to the Customs Authorities in cases where goods have been imported through couriers, as evidence that the goods for which the payment was made have actually been imported into India. 4. For goods imported and stored in Free Trade Warehousing Zone (FTWZ) or SEZ Unit warehouses or Customs bonded warehouses, etc., the Exchange Control Copy of the Ex-Bond Bill of Entry or Bill of Entry issued by Customs Authorities by any other similar nomenclature the importer shall submit applicable BoE number, port code and date for marking evidence of import under IDPMS In respect of imports on Delivery against acceptance (D/A) basis, evidence of import is must at the time of effecting remittance of import bill. However, if Client fail to produce documentary evidence due to genuine reasons such as non- arrival of consignment, delay in delivery/ customs clearance of consignment, etc., bank may, if satisfied with the genuineness of request, allow reasonable time, not exceeding three months from the date of remittance, to the importer to submit the evidence of import.

	Such Import payments would need prior approval of AGM / GM. RBI Master Direction - Import of Goods and Services – C.7.1
10.8	**Evidence of Import in Lieu of Bill of Entry** Bank may accept, in lieu of Exchange Control Copy of Bill of Entry for home consumption, a certificate from the Chief Executive Officer (CEO) or auditor of the company that the goods for which remittance was made have actually been imported into India provided: - 1. The amount of foreign exchange remitted is <u>less than USD 1,000,000</u> or its equivalent and 2. The importer is a company <u>listed on a stock exchange</u> in India and whose net worth is <u>not less than Rs.100 crore</u> as on the date of its last audited balance sheet, or, the importer is a <u>public-sector company</u> or an undertaking of the Government of India or its departments. The above facility may also be extended to autonomous bodies, including scientific bodies/academic institutions, such as Indian Institute of Science / Indian Institute of Technology, etc. whose accounts are audited by the Comptroller and Auditor General of India (CAG). Bank may insist on a declaration from the auditor/CEO of such institutions that their accounts are audited by CAG. Such cases of Evidence of Import in Lieu of Bill of Entry need to be referred to AGM / GM before processing the transaction. RBI Master Direction - Import of Goods and Services – C.7.2
10.9	**Non-physical Imports** Where imports are made in non-physical form, i.e., software or data through internet / Datacom channels and drawings and designs through e-mail / fax, <u>a certificate from a Chartered Accountant</u> that the software / data / drawing/ design has been received by the importer, need to be obtained. Bank should advise importers to keep Customs Authorities informed of the imports made by them under this clause. ORM is not applicable for non-physical imports. RBI Master Direction - Import of Goods and Services – C.7.3
10.10	**Write Off** Banks can consider closure of BoE/ORM in IDPMS that involves write off to the extent of <u>5% of invoice value</u> in cases where the amount declared in BoE varies from the actual remittance due to operational reasons and Bank is satisfied with the reasons submitted by Client. 1. Banks may close the BoE for such import transactions where write off is on account of quality issues; short shipment or destruction of goods by the port / Customs / health authorities subject to submission of satisfactory documentation by client irrespective of the amount involved.

	Bank must ensure that a. The case is not the subject matter of any pending civil or criminal suit; b. The importer has not come to the adverse notice of the Enforcement Directorate or the Central Bureau of Investigation or any such other law enforcement agency; and c. There is a system in place under which internal inspectors or auditors of the Bank can close ORM/BoE with appropriate “Adjustment Indicator” in IDPMS. Trade officer should obtain prior approval of AGM / GM before such case of write off Extension and write off cases not covered above by the extant guidelines may be referred to the concerned Regional Office of Reserve Bank of India for necessary approval. RBI Master Direction - Import of Goods and Services – C.8
10.11	**Follow-up for Import Evidence** In case an importer does not furnish any documentary evidence of import within 3 months from the date of remittance, Bank should rigorously follow-up for the next 3 months, including issuing registered letters to the importer as per RBI Guidelines and Bank Board of Directors approved policy No. 190 dtd. February 15, 2016. Trade officer should track all outstanding BOEs more than 2 months and follow up with clients. All cases where BOEs are outstanding for more than <u>2 months</u> should be reported to AGM / GM and fortnightly basis. RBI Master Direction - Import of Goods and Services – C.10
10.12	**Merchanting Trade** For any trade transaction to be classified as Merchanting Trade following conditions should be satisfied: a. Goods acquired should not enter into the Domestic Tariff Area, and b. The state of the goods should not undergo any transformation (No additional process / Value add) Bank may handle bonafide Merchanting Trade Transactions and ensure that: 2. Goods involved in the transactions are permitted for export / import under the prevailing Foreign Trade Policy (FTP) of India as on the date of shipment and all the rules, regulations and directions applicable to export (except Export Declaration Form) and import (except Bill of Entry) are complied with for the export leg and import leg, respectively, 3. Both the legs of a Merchanting Trade Transaction are routed through the same AD bank. The bank should verify the documents like invoice, packing list, transport documents and insurance documents (if originals are not available, non-negotiable copies duly authenticated by the bank handling documents may be taken) and satisfy itself about the genuineness of the trade. 4. The entire Merchanting Trade Transactions should be completed within an overall period of <u>**nine months**</u> and there should not be any outlay of foreign exchange <u>**beyond four months**</u>. 5. The commencement of Merchanting Trade would be the date of shipment / export leg receipt or import leg payment, <u>whichever is first</u>. The completion date

<table>
<tr><td></td><td>
would be the date of shipment / export leg receipt or import leg payment, whichever is the last;
6. Suppliers' credit or buyers' credit can be extended for Merchanting Trade Transactions, to the extent not backed by advance remittance for the export leg, including the discounting of export leg LC by an AD bank, as in the case of import transactions
7. In case advance against the export leg is received by the Merchanting Trader, Bank should ensure that the same is earmarked for making payment for the respective import leg. However, Bank may allow short-term deployment of such funds for the intervening period in an interest bearing account.
8. Merchanting Traders may be allowed to make advance payment for the import leg on demand made by the overseas seller. Bank should ensure that any such advance payment for the import leg beyond USD 200,000/- per transaction, should be made against Bank Guarantee / LC from an international bank of repute and bank’s internal Guidelines. , except in cases and to the extent where payment for export leg has been received in advance ;
9. Letter of Credit to the supplier is permitted against confirmed export order keeping in view the outlay and completion of the transaction within nine months;
10. Payment for import leg may also be allowed to be made out of the balances in Exchange Earners Foreign Currency Account (EEFC) of the Merchant Trader.
11. Bank should ensure one-to-one matching in case of each Merchanting Trade transaction and report defaults in any leg by the traders to the concerned Regional Office of RBI, on half yearly basis within 15 days from the close of each half year, i.e. June and December.
12. Defaulting Merchanting Traders, whose outstanding reach 5% of their annual export earnings, would be caution-listed.
13. The KYC and AML guidelines should be observed by the AD bank while handling such transactions.

Monitoring and linking both the legs of transaction is the key issue and requirement. As system support is concern this should be tracked manually. A physical Register / Excel need to be maintained by Trade officer for all merchanting trade transaction. All outstanding transactions should be reviewed by Trade officer every fortnightly basis and diarise the follow up. A reminder should be sent to client before 15 days of last date of an event like FX outflow for 4 months, etc. In case of any delay for any activity, the same should be highlighted to AGM / GM on fortnightly basis.

Customer should be strictly advised to quote the bank`s reference number of import/export whichever is processed first to link with next leg, i.e. import against export or export against import vice versa.

Trade officer should obtain prior approval of AGM / GM of all cases pertaining to Merchanting Trade. RBI Master Direction - Import of Goods and Services – C.14 (1 & 2)
</td></tr>
<tr><td>10.13</td><td>
Merchanting trade to Nepal and Bhutan

As Nepal and Bhutan are landlocked countries, there is a facility of transit trade whereby goods are imported from third countries by Nepal and Bhutan through India under the cover of Customs Transit Declarations in terms of the Government of India Treaty of Transit with these two countries.
</td></tr>
</table>

	Goods consigned to the importers of Nepal and Bhutan from third countries under merchanting trade from India would qualify as traffic-in-transit, if the goods are otherwise compliant with the provisions of the India-Nepal Treaty of Transit and Indo-Bhutan Treaty of Transit respectively. RBI Master Direction - Import of Goods and Services – C.14.3
10.14	**Processing of import related payments through Online Payment Gateway Service Providers (OPGSPs)** RBI Master Direction - Import of Goods and Services – C.15 Banks can to offer facility of payment for imports of goods and software of value not exceeding USD 2,000 by entering into standing arrangements with the OPGSPs subject to the following: - 1. The balances held in the Import Collection account shall be remitted to the respective overseas exporter's account immediately on receipt of funds from the importer and, in no case, later than two days from the date of credit to the collection account. 2. Bank will obtain a copy of invoice and airway bill from the OPGSP containing the name and address of the beneficiary as evidence of import and report the transaction in R-Return under the foreign currency payment head. 3. The permitted credits in the OPGSP Import Collection account will be: a. collection from Indian importers for online purchases from overseas exporters electronically through credit card, debit card and net banking and b. Charge back from the overseas exporters. 4. The permitted debits in the OPGSP Import Collection account will be: a. payment to overseas exporters in permitted foreign currency; b. payment to Indian importers for returns and refunds; c. payment of commission at rates/frequencies as defined under the contract to the current account of the OPGSP; and d. bank charges
10.15	**Settlement of Import transactions in currencies not having a direct exchange rate** Banks can remit payment of import transactions in currencies, which does not have a direct exchange rate (excluding those put through the ACU mechanism). However, following conditions need to be followed; 1. Importer shall be a customer of the Bank, 2. Signed contract / invoice is in a freely convertible currency, 3. The beneficiary is willing to receive the payment in the currency of beneficiary instead of the original (freely convertible) currency of the invoice/ contract, Letter of Credit as full and final settlement, 4. Bank is satisfied with the bonafides of the transactions, and 5. The counterparty to the importer of the AD bank is not from a country or jurisdiction in the updated FATF Public Statement on High Risk & Non Co-operative Jurisdictions on which FATF has called for counter measures. RBI Master Direction - Import of Goods and Services – C.16

10.16	**Advance Import Payment** Banks can make advance remittance for import of goods without any ceiling subject to the following conditions: a) For advance remittance of less than USD 200,000 permissible without obtaining any Guarantee, RBI approval or SBLC b) For advance remittance of more than USD 200,000 or its equivalent, an unconditional, irrevocable SBLC or a Guarantee from an international bank of repute situated outside India or a guarantee of an AD Category – I bank in India, if such a guarantee is issued against the counter-guarantee of an international bank of repute situated outside India, is obtained. Bank own internal guidelines as framed by the Bank's Board of Directors scrupulously follow. c) For Importers (Except Public Sector/Govt. of India undertaking) advance payment up to USD. 5,000,000 is permitted without insisting for SBLC / BG if Bank is satisfied with track record of client, based on Own Internal guidelines as framed by the Bank`s Board of Directors. d) A Public-Sector Company or a Department/Undertaking of the Government of India / State Government/s which is not in a position to obtain a guarantee from an international bank of repute against an advance payment, is required to obtain a specific waiver for the bank guarantee from the Ministry of Finance, Government of India before making advance remittance exceeding USD 100,000. Banks are required to create Outward Remittance Message (ORM) for all such outward remittances in IDPMS. RBI Master Direction - Import of Goods and Services – C.1.1
10.16.1	**Advance Remittance for Import of Rough Diamonds** Banks are allowed to take decision on overseas mining companies to whom an importer (other than Public Sector Company or Department / Undertaking of Government of India / State Government) can make advance payments, without any limit / bank guarantee/ stand-by letter of Credit. Banks must ensure the following: 1. The overseas mining company should have the recommendation of GJEPC. 2. The importer should be a recognized processor of rough diamonds and should have a good track record. 3. Bank is satisfied about the bonafides of the transaction. 4. Advance payments should be made strictly as per the terms of the sale contract and should be made directly to the account of the company concerned, that is, to the ultimate beneficiary and not through numbered accounts or otherwise. 5. Further, due caution may be exercised to ensure that remittance is not permitted for import of conflict diamonds (Kimberly Certification duly certified GJEPC). 6. KYC and due diligence exercise should be done by Banks as per the existing guidelines. 7. AD Category - I banks should follow-up submission of the Bill of Entry / documents evidencing import of rough diamonds into the country by the importer Advance remittance of USD. 5,000,000 and above needs to be reported to RBI on half yearly basis i.e. March, Sept. (This requirement is missing in the Master Direction but it was there in the Original RBI circular of 1st Arpril,2014 of RBI/2013-14/548 A.P. (DIR

	Series) Circular No.126) In case of an importer entity in the Public Sector or a Department / Undertaking of the Government of India / State Government/s, AD Category - I banks may permit the advance remittance subject to the above conditions and a specific waiver of bank guarantee from the Ministry of Finance, Government of India, where the advance payments is equivalent to or exceeds USD 100,000. RBI Master Direction - Import of Goods and Services – C.1.2
10.16.2	**Advance Remittance for the Import of Services** Advance remittance for Import Services is allowed up to USD 500,000 without any BG / SBLC Any advance payment more than USD 500,000, would need BG of International reputed bank should be provided. In the case of a Public-Sector Company or a Department/ Undertaking of the Government of India/ State Governments, approval from the Ministry of Finance, Government of India for advance remittance for import of services without bank guarantee for an amount exceeding USD 100,000 (USD One hundred thousand) or its equivalent would be required. Trade Officer should also follow-up to ensure that the beneficiary of the advance remittance fulfils his obligation under the contract, failing which, the amount should be repatriated to India. RBI Master Direction - Import of Goods and Services – C.1.4 Bank own internal guidelines as framed by the Bank's Board of Directors scrupulously follow.
10.17	**IDPMS** Banks are required to create Outward Remittance Message (ORM) for all outward remittance/s for import payments on behalf of their clients for which the prescribed documents for evidence of import have not been submitted. **Settlement of ORM with BoE** 1. Based on the AD code declared by the importer, the banks shall download the Bill of Entry (BoE) issued by EDI ports from "BOE Master" in IDPMS. 2. For non-EDI ports, AD bank of the importer shall upload the BoE data in IDPMS as per message format "Manual BOE reporting" on daily basis on receipt of BoE from the customer/Customs office. 3. AD banks shall enter BoE details (BoE number, port code and date) for ORM associated with the advance payments for import transactions as per the message format "BOE settlement". 4. In case of payment after receipt of BoE, Bank shall generate ORM for import payments made by its importer customer as per the message format "BOE settlement". 5. Multiple ORMs can be settled against single BoE and also multiple BoE can be settled against one ORM. 6. On settlement of ORM with evidence of import, Bank would issue an acknowledgement slip to the importer containing the following particulars a. Importer's full name and address with code number; b. Number and date of BoE and the amount of import; and c. Recap advice on number and amount of BoE and ORM not settled for the importer.

	Extension & Write off Banks would give extension for submission of BoE beyond the prescribed period in terms of the extant guidelines on the matter, and the same will be reported in IDPMS as per the message "**Bill of Entry Extension**" and the date up to which extension is granted will be indicated in "Extension Date" column In case of Write off, Bank would settle and close ORM/BoE with appropriate **"Adjustment Indicator**" in IDPMS. **Evidence of Import in Lieu of Bill of Entry** The evidence of import in lieu of BoE in permitted/approved conditions will be created and uploaded by Bank of the importer in the form of BoE data as per message format "Manual BOE reporting" in IDPMS.
10.18	**DELIVERY ORDER** Many a times, there is a likely hood of the goods arriving at the Indian Ports, especially in case of air shipments, wherein the documents would be received subsequently. In such scenario, the clients will approach the bank for issuance of a DO for release of goods. Prior to issuing the DO the process is to be followed is as below. For issuance of DO the arrival of the cargo pertaining to the said documents is to be verified by obtaining the following documents. 1. Invoice 2. Airway Bill 3. Cargo Arrival Notice On receipt of the above documents, the processing location to check whether the terms of payment in the invoice is Sight or Acceptance. In case of sight bills, 100% cash margin is to be obtained from the client, the trust receipt and the undertaking to effect payment of the bill is to be obtained. After obtaining the same, the DO is to be issued to the client. In case of usance bills, the trust receipt and the letter of acceptance of the documents is to be obtained and DO to be issued to the client.

IMPORT LC ISSUANCE PROCESS

11	**IMPORT LC ISSUANCE PROCESS**
11.1	**Product Synopsis** A Letter of Credit (Documentary credit) is a conditional undertaking issued by a bank, at the request of one of its customers, to pay a named beneficiary a specified amount of money upon presentation of documents which comply with the terms and conditions stated therein. As long as the beneficiary of the LC can present compliant documents to LC issuing bank before the L/C's stated expiration, it is the responsibility of Issuing bank to make payment. Documentary credits are mainly irrevocable. The irrevocable credit obligates the issuer until termination as defined by the credit. An irrevocable credit cannot be amended or cancelled without the agreement of the issuing bank, the confirming bank (if any) and the beneficiary. Under documentary credits, all parties deal with documents alone, and are bound to pay against the tender of credit compliant documents unless there is clear evidence of fraud. The International Chamber of Commerce (ICC) is the World Business Organisation and it formulates business policies, mechanics of trade and various other subjects relevant to international trade and business management. In its efforts to standardise the rules governing operation of letters of credits, ICC has codified a standard set of rules for operation of credits. These rules are known as "Uniform Customs and Practice for Documentary Credit ICC publication 600"- UCP 600.
11.2	**Issuance of LC** Without credit sanctioned limit of respective Regional Head , No LC application should be accepted for processing
11.2.1	**Eligible Client** Bank may extend LC issuing facility to its credit client. LC is typically a non-fund based facility offered to client post analysing his financial strength and working capital requirement. Import LC can be issued to client who is in Import / Export business and have IEC code.
11.2.2	**Request for Issuance of LC** Letters of Credit is opened on request of the Importer (Client) who import raw materials / capital goods. The payment terms as per LCs may be sight or usance. All the items as permitted can be imported by the Import Export Policy issued by DGFT. Client submit the LC application form as defined by the bank which also should be franked / Stamped as per the regulation. The application should cover all the undertaking, mainly customer will be follow the FEMA/Import-Export policy, guidelines, submission of bill of entry, indemnify the bank for any loss due to the transaction etc.

	Along with LC application a covering letter signed by authorised personnel of the company, underlying contract, proforma invoice, Original License if any or OGL declaration should be obtained from client.
11.2.3	**Scrutiny of Application** Trade officer should properly scrutinise the LC application and other documents attached with application. Trade office should primarily look at following key points; 1. Client's Signature Verification 2. The L/C application is in the prescribed form and is stamped / Franked as per the Local Stamp Acts 3. The L/C application will normally be supported by following documents a) Purchase Order issued by the applicant or Proforma Invoice issued by the beneficiary duly accepted by the client or Certified true copy of the contract. b) Insurance policy assigned in favour of the bank in case of CFR, FOB request. In case of Open Cover policy, cover note should be submitted. c) Exchange Control copy of the license (in case of Imports under a license) **4.** The details in the LC Application should be consistent with the Purchase Order or Proforma Invoice submitted by Client. If the LC is to be confirmed who will add the confirmation i.e. Advising bank or restricted to other bank for confirmation and who will bear the cost of confirmation is specified. If Client has not requested for specific Advising / Confirming Bank, Trade officer should select the bank where Cosmos Bank has a tie up / Business understanding in the country of beneficiary. **5.** Any other conditions of LC which Bank feels may not be practical to follow or would create ambiguity. In case of any deviation, gaps, clarification should be obtained from client
11.2.4	**Checking for LC Limit** Customer LC limit is checked, earmarked/blocked for this LC if limit is available. If limit is not available, the same should be communicated to Credit/Branch Manager for necessary approval. Customer is also informed about the non-availability of limit for them to take up with the approval authority in the bank for ad-hoc limit or arranging for 100% margin to issue the specific LC.
11.2.5	**Margin for Issuance of LC** LCs are issued against the margin which could be 100% or for lessor value depending upon the credit worthiness and banks credit approval. The credit approval should have confirmation about availability of adequate Margin and its lien marking thereof. Trade officer should check the Credit conditions / Credit approval before processing the transaction. The FD of required value should be lien marked in case of Margin.

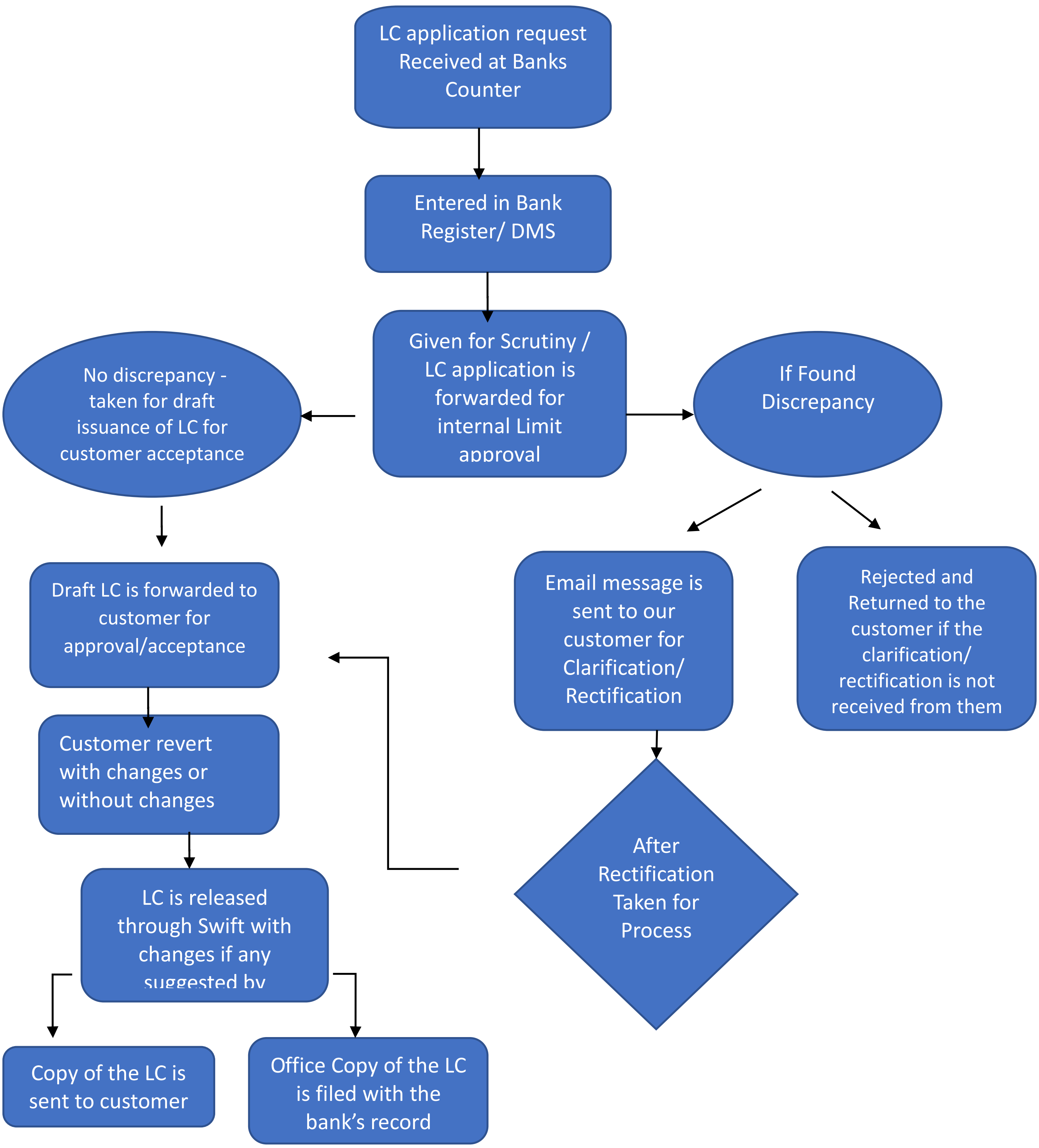
11.2.6	**Approval Process** The LC request is put up for internal approval process with the necessary remarks if any i.e. or if part limit is available or if there is no limit available, etc. Authoriser should check all relevant points and approvals as mentioned above, and then only should approve the transaction for issuance of LC.
11.2.7	**Preparation of Draft LC** Trade officer should prepares the draft of LC covering all the requirement i.e. Name & address of the LC advising, negotiating bank with swift code, drawer/drawee name and address, description of goods, price, quantity referring to the contract or proforma invoice, shipping specification, packing list, certification origin, other additional certificate as requested by our customer, License details and other terms/condition as requested by our customer if any etc. which are within the guidelines. The draft LC copy is verified by Manager / Officer of the Bank
11.2.8	**Client's Confirmation of Draft LC** Draft LC should be sent to the customer for their review, correction or amendment, if any. Client may confirm the draft as it is or may suggest some changes. The response / confirmation of client should be kept in record along with Bank's copy of transaction document for future reference.
11.2.9	**Pre-Advise – MT 705 (Article 11)** Whenever client requests for pre-advice of LC, a MT 705 is sent to the overseas bank. Pre-advice should be authorised by the designated Senior officials of the bank after verifying / checking the transaction details.
11.2.10	**Transaction Authorisation, Issuance of LC & Limit Blocking** Necessary changes are made as per client's request and LC is authorised by the designated Senior officials of the bank after verifying/checking the transaction details again. LC is not released through the swift to the LC advising bank unless CBS liability creation. Under exceptional circumstances it can be released through the swift only after approval from AGM/GM, forex & Treasury Central Head**.** Client's Limit is blocked with LC amount and also the amount of additional tolerance to ensure that if the documents are received within tolerance limit but above LC amount, the same need to be honoured.
11.2.11	Charges Client's current account is debited with LC issuing charges. LC charges are calculated from the date of Issuance of LC till expiry of LC on LC amount. The charges need to be levied on LC amount plus Tolerance amount. If the limit is being booked for LC amount plus Tolerance amount, the charges need to be recovered for both.
11.2.12	**LC Liability** LC liability entries should be auto posted through the system immediately upon

	authorising the LC in the system or else the Liability entries are manually posted before releasing the LC through the swift.
11.2.13	**Generation of LC copy** Copy of the LC is generated from the swift system and copy is sent to the client immediately and copy is also filed with the LC application in the bank record.

	LC AMENDMEND
11.**3.1**	**LC Amendment (Article 10)** If the Client or Beneficiary wants to change the any terms or conditions of LC post issuance of LC, it can be done via Amendment of LC. Amendment can be either financial or non-financial.
11.3.2	**LC Amendment request** Customer can give request for amendment in the LC for financial or non-financial reason; **Financial Amendment**: Increase or decrease of LC value **Non-Financial Amendment**: Change in the terms, description correction, increase or decrease in the quantity, change in the shipment date, expiry date change or change in port of shipment, etc.
11.3.3	**Scrutiny by bank** Trade officer should scrutinise the amendment request scrutiny for changes in similar way of LC issuance and may ask additional documents for the changes for. E.g. change in pricing, revised contract, amendment to contract, revised proforma invoice, etc.
11.3.4	**Processing of Amendment** Amendment is processed after getting necessary Internal approval or confirmation from the customer except in the case of increase in the value which has to be approved only if the limit is available. The process of issuing amendment remains same LC issuance.
11.3.5	**Releasing of Amendment** Bank authorised official will the check the amendment and release the same.
11.3.6	**Generating amendment** Copy of the swift is generated for the amendment and shared with client. One copy is also filed in the bank recording along with the original LC application
11.3.7	**Charges** The charges are debited t client's current account. If there is an increase in amount or increase in tenor, additional charges are calculated for Extra amount / additional tenor and charged. For other charges, fixed amendment charges are levied as per agreement with client.

11.3.8	**Detrimental Amendment** Client may request for Detrimental amendment, i.e. reduction in LC amount, Reduction in Tenor, reduction in Tolerance, etc. Bank may decide to issue the amendment, however, may not want to reduce the liability / reduce the limit, till beneficiary confirms the acceptance of amendment. Amendment involves transmission message without input in CBS system .This is done for protecting the Interest of the Bank in the event of non-acceptance by beneficiary. Any such kind of amendment i.e. reduction in LC amount, Reduction in tenor, Reduction in Tolerance , etc. require prior approval from AGM/GM Forex and Treasury Dept. Central Head. **As per Article 10 f, a provision in an amendment to the effect that amendment shall enter into force unless rejected by beneficiary within a certain time, shall be disregarded.**

IMPORT LC PROCESS FLOW



* In case of amendment please follow the same process

DOCUMENT HANDLING UNDER LC & PAYMENT PROCESS

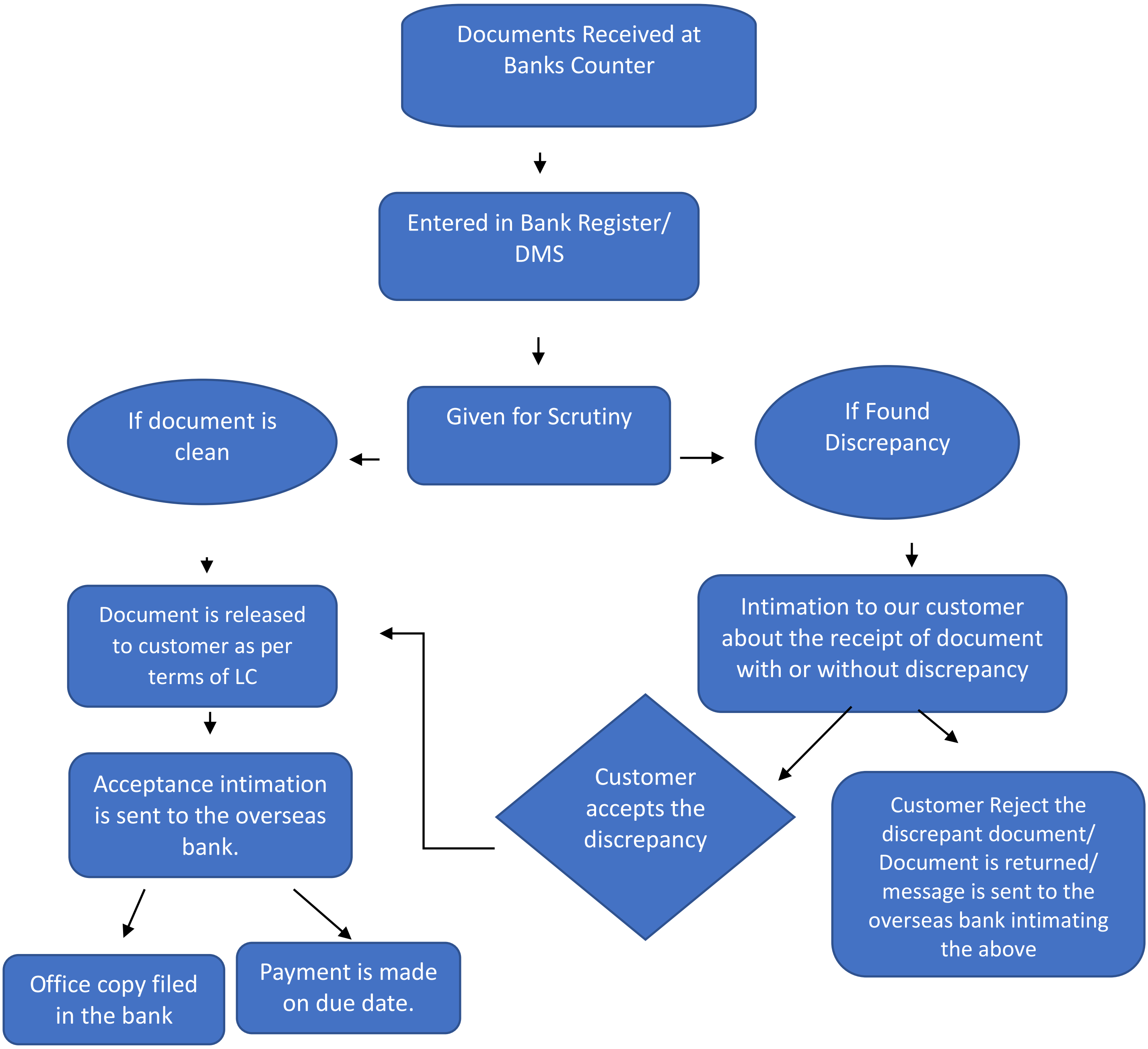
	DOCUMENT HANDLING PROCESS
12.1	**Receipt of Document Under LC** Document under the LC would be received from the LC Advising Bank / Negotiating bank. Trade officer should input all details of documents in Trade system before proceeding to scrutinise the documents. It is important to note the date on which bank receives the document as the rejection / acceptance message need to be sent to LC advising Bank /Negotiating bank with 5 banking days of receipt of document.
12.1.1	**Scrutiny of Document (Article 14)** Trade officer should scrutinised the documents properly for any discrepancies in document in accordance with LC issued. A document presented but not required by LC, should be disregarded and Returned to the presenter. (Article 14 g) All the discrepancies/deviation should be recorded separately in system / outside system.
12.1.2	**Client Intimation** Client should be informed immediately about the receipt of the document. A Copy of the Presentation memo along with Bill of Exchange / Invoice is sent to the client for acceptance. In case of discrepancies, the details of discrepancies are also intimated to client along with presentation Memo
12.1.3	**Refusal Notice (Article 16)** In case of Discrepancies, Bank may decide to refuse to honour the presentation. In such scenario, Bank must send single Notice to Advising Bank / Negotiating Bank / Confirming Bank to that effect within 5 Banking days of presentation of documents. (MT 734) The notice must state: 1. that the bank is refusing to honour or negotiate; and 2. each discrepancy in respect of which the bank refuses to honour or negotiate; and 3. that the bank is holding the documents pending further instructions from the presenter; or 4. that the issuing bank is holding the documents until it receives a waiver from the applicant and agrees to accept it, or receives further instructions from the presenter prior to agreeing to accept a waiver; or 5. that the bank is returning the documents; or

	6. that the bank is acting in accordance with instructions previously received from the presenter.
12.1.4	**Acceptance By client for Usance Document** Client may or may not accept the presentation memo in different scenarios as below
12.1.4.1	**Credit Compliant Document - Acceptance By client** In case of credit compliant document, the client returns duly accepted Bill of Exchange. Where stamp duty is applicable, the bill of exchange should be stamped adequately when received back or stamping should be arranged for immediately. In case of bills without a Bill of Exchange a letter from the customer having duly accepted the bill for payment on due date should be called obtained. If the documents are credit compliant, Bank should send Advice of Acceptance. Bank must honour the complying presentation irrespective of whether client submits its acceptance or not.
12.1.4.2	**Discrepant Document – Refusal to accept discrepancies** Client may refuse to accept discrepancies notified by Issuing bank. In such scenario, Bank (Issuing Bank) would need to depend on instruction given / to be given in regard to disposal of document.
12.1.4.3	**Discrepant Document –Acceptance of discrepancies** Client may accept discrepancies notified by Issuing bank. In this scenario, bank should obtain confirmation from client in writing about acceptance if discrepancies and to pay on due date.
12.1.5	**Acceptance By client for Document under Sight LC** If documents are received under Sight LC, Trade officer should obtain the request letter from client with instruction to debit its account and release the document and payment. Document can be released and payment can be made even for discrepant document if the discrepancy is acceptable to the applicant which is specified in the request letter.
12.1.6	**Delivery of documents** **Documents under Usance LC** Client would accept the documents by way of acceptance of Bill of exchange or where Bill of Exchange is not available, a letter from authorised signatory of client accepting the bill for payment on due date. Trade officer should verify the signatures on accepted Bill of Exchange or acceptance letter and noted on the Bill of Exchange / Acceptance Letter.

	Trade officer should also check the usance period and ensure that adequate stamps are affixed as per existing Stamp Act. In case stamps have not been affixed, for part or full value, he should immediately arrange for stamping and recover the cost from the customer's account. On receipt of Acceptance, the original documents are delivered to the client by courier / hand-delivery against the client's acknowledgement, after necessary endorsement of the Transport Document - Bill of Lading. **Document under Sight LC** If documents are received under Sight LC, Trade officer should obtain the request letter from client with instruction to debit its account and release the document after necessary endorsement of the Transport Document - Bill of Lading. Bank should then debit the client's account and release the payment. Client's acknowledgement is obtained for receipt of document and kept with transaction document.
12.1.7	**Reimbursement Claim** In case of sight LCs where, direct reimbursement is provided, on receipt of notice by SWIFT (as called for in the LC) from the negotiating bank, the reimbursing bank is authorised to honour the claim under intimation to Issuing Bank. In case of Usance LCs, where direct reimbursement is provided, when the document is accepted, the acceptance message is sent to the negotiating bank by SWIFT, authorising the negotiating bank to claim reimbursement from the reimbursing bank on due date.
12.1.8	**Processing payment**
12.1.8.1	**Processing payment of Document under LC (Sight & Usance)** The payment is taken for processing, client signature on the request letter is verified, balance in the account is checked and earmarked/blocked
12.1.8.2	**Treasury Reporting** Foreign currency amount is reported to the Treasury dept. for exchange rate, informed and verified with customer for the exchange rate or forward contract before reporting the internal Treasury dept.
12.1.8.3	**Processing of payment & Authorisation** Upon receipt of exchange rate the same is updated in the system and prepare the swift for remittance and release to authoriser for authorisation. Branch Manager / Senior Manager should authorise the transaction in the system and release the swift for remittance.
12.1.9	**Reversal of LC Liability** LC liability is reversed as and the remittance is made could be partly or fully as per the document received.

12.1.10	**Bill of Entry** Trade officer should follow up with client to submit the Bill of entry for Import under LC. If BOE is not submitted, Trade officer should send reminders at regular intervals.
12.1.11	**BEF reporting** If Bill of entry is not submitted within 180 days from date of shipment, the same will be reported to RBI in the BEF report through IDPMS automatically.
12.4.12	**Suppliers Credit Structure** Bank may offer Supplier credit structures to its client whereby Beneficiary get paid as per agreed payment term, however, Client would get extended payment term under supplier credit structure. In this structure, LC is drafted in such a way that, the LC would be issued for extended payment term, however, Beneficiary can negotiate the same at sight without paying any charges. All the charges are paid by Importer. The Negotiating bank can claim Principle and interest on due from Issuing bank. The sample wording is given below; 47A: ADDITIONAL CONDITIONS* USANCE INTEREST: ❑ REIMBURSING BANK IS AUTHORISED TO HONOUR THE CLAIM FROM THE NEGOTIATING BANK AT SIGHT BASIS, (HOWEVER ONLY AFTER RECEIPT OF SPECIFIC AUTHORISATION FROM ISSUING BANK.) ❑ USANCE INTEREST FROM THE DATE OF HONOUR TILL THE DUE DATE (NOT EXCEEDING XXX DAYS) IS TO THE ACCOUNT OF THE APPLICANT AND IS PAYABLE AT A RATE NOT EXCEEDING LIBOR (PREVAILING ON THE DATE OF HONOUR BY REIMBURSING BANK TO THE NEGOTIATING BANK) PLUS XXX BPPA. ❑ REIMBURSING BANK SHOULD ADVISE ISSUING BANK, BY AN AUTHENTICATED SWIFT MESSAGE, OF THE ACTUAL LIBOR RATE PREVAILING ON SUCH DATE, THE ACTUAL NUMBER OF DAYS FOR WHICH FINANCE HAS BEEN CREATED AND ACTUAL AMOUNT OF PRINCIPAL AND INTEREST PAYABLE ON DUE DATE. ❑ THIS LC CAN BE OVERDRAWN TO THE EXTENT OF ACTUAL INTEREST AMOUNT. ❑ ALL BANK CHARGES OUTSIDE INDIA EXCLUDING THE INTERST FOR THE ❑ UNEXPIRED USANCE PERIOD, ARE ON THE ACCOUNT OF BENEFICIARY (OR APPLICANT). ALL SUCH CHARGES OUTSIDE INDIA TO BE ADVISED TO THE BENEFICIARY AT THE TIME OF ADVISING CREDIT BY THE ADVISING BANK TO THE BENEFICIARY *(if charges are on account of beneficiary)* ❑ LC MAY BE CONFIRMED AT THE REQUEST AND COST OF THE BENEFICIARY BY THE ADVISING BANK. ***Any Supplier credit structure and LC text should be approved by AGM/ GM.**

IMPORT DOCUMENT HANDELING PROCESS FLOW



OUTWARD REMITTANCES

	INDEX	
SR. NO.	**CONTENT**	**PG NO.**
13	**Foreign Currency Remittances other than Imports Remittances**	116
13.1	**Product Synopsis**	116
13.2	**Outward remittance**	116
13.2.1	Liberalised Remittance Scheme (LRS)	116
13.2.1.1	Permissible Capital account Transaction	117
13.2.1.2	Current Account Transactions	117
13.2.1.3	Issuance of DD	119
13.2.1.4	Documents required for remittance under LRS	119
13.2.1.5	Remittance by Minor & Family Members	120
13.2.1.6	Surrender of Foreign Exchange	120
13.2.2	**Remittance Facilities for persons other than Individuals**	120
13.2.2.1	Gift/ donation	120
13.2.2.2	Commission to agents abroad for sale of residential flats or commercial plots in India	121
13.2.2.3	Remittances towards consultancy services	121
13.2.2.4	Remittances towards re-imbursement of pre-incorporation expenses	121
13.2.2.5	Bids in foreign currency for projects to be executed in India	121
13.2.2.6	Liberalization of foreign technical collaboration agreements	121
13.2.2.7	Remittance for purchase of trademark or franchise in India	121
13.3	**Operational Process**	122
13.3.1	Receipt of Client Request	122
13.3.2	Scrutiny of the request	122
13.3.3	Co-ordination with Treasury for Rates	122
13.3.4	Printing of advice/swift	123
13.3.5	Retaining of processed documents	123
13.3.6	On-line Instruction by Clients	123
13.3.7	Capital Account Transaction	123
13.3.8	FATF Countries	123
13.4	**Annexure**	
13.4.1	Schedule I	125

13	**Foreign Currency Remittances other than Imports Remittances**
13.1	**Product Synopsis** Banks receive many requests for remittance of Foreign currency to other countries which are not towards import of good or services. All these remittances are covered under Miscellaneous or Other remittances. These are typically small remittances for various reasons like Travel, Salary Payment, Consultancy Charges, Agency commission, etc. Remittances of such FCY remittances are divided into four parts, Generally Allowed, Schedule I, Schedule II & Schedule III **Schedule I remittances** Remittance of foreign exchange for certain categories of transactions are expressly prohibited by RBI as per extant guidelines Same are highlighted in Schedule I. **Schedule II remittances** The Remittances of Foreign Exchange for certain transactions may be permitted by Bank provided the client has obtained the approval from the Ministry/Department of the Government of India. The list of such categories and approving authority is specified in Schedule II **Schedule III remittances** The transactions included in Schedule III need prior approval of the Reserve for remittance exceeding the specified limits. Bank is allowed to remit the funds up to the threshold ceilings specified in Schedule III. All client requests for remittance exceeding the limits should be referred to Foreign Exchange Department of the Reserve Bank, under whose jurisdiction the client is functioning. However, this rule shall not apply where the payment is made out of funds held in Resident Foreign Currency (RFC) Account of the remitter. Trade officer should note that release of foreign exchange is not allowed for travel to and transaction with residents of Nepal and Bhutan and any such request from client should be referred to AGM / GM
13.2	**Outward remittance** Outward Remittance can be made by Individuals or any other person other than Individuals. The remittance made by Individual is covered under Liberalised Remittance Scheme (LRS) and is guided by Master Direction - Liberalised Remittance Scheme. Whereas, the remittance made by any other person other than Individuals is covered under Master Direction - Other Remittance Facilities.. These transactions are covered under purpose codes S0020 to S0025 and S0201 to S1701 as per extant guidelines as per RBI AP DIR circular No. 84 Dt. 29.02.2013
13.2.1	**Liberalised Remittance Scheme (LRS)** RBI has liberalised the process for <u>Resident Individual</u> to remit funds abroad for permitted current or capital account transactions or combination of both. This is

	in view to ensure that Resident Individual is not burdened with too much process and documentation. Under the Liberalised Remittance Scheme, Bank may freely allow remittances by resident individuals up to USD 2,50,000 per Financial Year (April-March) for any permitted current or capital account transaction or a combination of both. It is important to Note that this Scheme is not available to corporates, partnership firms, HUF, Trusts, etc. Trade Officer should ensure that prior RBI approval is required to release of foreign exchange exceeding USD 250,000. Any such request should be highlighted to AGM / GM, before proceeding to initiate the transaction. (Refer Master Direction - Liberalised Remittance Scheme (LRS))
13.2.1.1	**Permissible Capital account Transaction** The permissible capital account transactions by an individual under LRS are: 1. Opening of foreign currency account abroad with a bank; 2. Purchase of property abroad; 3. Investments a. Making investments abroad- acquisition and holding shares of both listed and unlisted overseas company or debt instruments; b. Acquisition of qualification shares of an overseas company for holding the post of Director; c. Acquisition of shares of a foreign company towards professional services rendered or in lieu of Director's remuneration; d. Investment in units of Mutual Funds, Venture Capital Funds, unrated debt securities, promissory notes; 4. Extending loans including loans in Indian Rupees to Non-resident Indians (NRIs) who are relatives as defined in Companies Act, 1956. Trade officer should always obtain prior approval of AGM /GM for any capital account transaction irrespective of amount. (It should be noted that Banks should not extend any kind of credit facilities to resident individuals to facilitate capital account remittances under the Scheme.)
13.2.1.2	**Current Account Transactions** The limit of USD 250,000 per Financial Year (FY) under the Scheme also includes/subsumes remittances for current account transactions (viz. private visit; gift/donation; going abroad on employment; emigration; maintenance of close relatives abroad; business trip; medical treatment abroad; studies abroad) available to resident individuals under Para 1 of Schedule III to FEMA.,2015.

Private Visits

LRS is applicable for private visits abroad, other than to Nepal and Bhutan, irrespective of the number of visits undertaken during the year with total release of foreign currency up to USD 250,000.

(All tour related expenses including cost of rail/road/water transportation; cost of Euro Rail; passes/tickets, etc. outside India and overseas hotel/lodging expenses shall be subsumed under the LRS limit. The tour operator can collect this amount either in Indian rupees or in foreign currency from the resident traveller.)

Trade officer should ensure that LRS is not being utilised for Local expenses in India and should highlight such issues to AGM / GM immediately.

Gift/donation

Any resident individual may remit up-to USD 2,50,000 in one FY as gift to a person residing outside India or as donation to an organization outside India.

A resident cannot gift to another resident, in foreign currency, for the credit of the latter's foreign currency account held abroad under LRS.

Going abroad on employment

A person going abroad for employment can draw foreign exchange up to USD 2,50,000 per FY from any Bank

Emigration

Bank may allow a person, wanting to emigrate, to draw foreign exchange up to the amount prescribed by the country of emigration or USD 250,000.

Remittance of any amount of foreign exchange outside India in excess of this limit may be allowed only towards meeting incidental expenses in the country of immigration and not for earning points or credits to become eligible for immigration by way of overseas investments in government bonds; land; commercial enterprise; etc.

Such requests of drawing foreign exchange more than USD 250,000 should be put up to AGM / GM with detailed clarification. Post approval of AGM / GM, the said request can be submitted to RBI for its approval.

Maintenance of close relatives abroad

A resident individual can remit up-to USD 2,50,000 per FY towards maintenance of close relatives abroad.

Business Trip

Trade officer may allow its clients to draw foreign exchange under LRS for Business trips abroad (including for attending of an international conference, seminar, specialised training, apprentice training, etc.)

	However, if an employee is being deputed by an entity for any of the above and the expenses are borne by the organisation, such expenses shall be treated as residual current account transactions outside LRS and may be permitted by Bank without any limit, subject to verifying the bonafides of the transaction. **Medical treatment abroad** Bank may release foreign exchange up to an amount of USD 250,000 or its equivalent per FY without insisting on any estimate from a hospital/doctor under LRS. For amount exceeding the above limit, Bank may release foreign exchange under general permission based on the estimate from the doctor in India or hospital/ doctor abroad A person who has fallen sick after proceeding abroad may also be released foreign exchange by Bank without seeking prior approval of the RBI for medical treatment outside India. Such requests need to be approved by AGM / GM. In addition to the above, an amount up to USD 250,000 per financial year is allowed to a person for accompanying as attendant to a patient going abroad for medical treatment/check-up. **Facilities available to students for pursuing their studies abroad** Bank may release foreign exchange up to USD 250,000 or its equivalent to resident individuals for studies abroad without insisting on any estimate from the foreign University. However, Bank may allow remittances, without seeking prior approval of the RBI, exceeding USD 250,000 based on the estimate received from the institution abroad. Such requests need to be approved by AGM / GM.
13.2.1.3	**Issuance of DD** LRS can be used for outward remittance in the form of a DD either in the resident individual's own name or in the name of beneficiary with whom he intends putting through the permissible transactions at the time of private visit abroad, against self-declaration of the remitter in the format prescribed. Such requests need to be approved by AGM / GM.
13.2.1.4	**Documents required for remittance under LRS** Trade Officer should obtain Form A2 along with PAN and client request letter explaining the purposes for withdrawal of foreign exchange. It is mandatory to have PAN card to make remittances under the Scheme for capital account transactions.

13.2.1.5	**Remittance by Minor & Family Members** Minor can also make remittance under LRS. However, Trade office should obtain proof of identity of minor & available KYC documents of minor, if any. The Natural guardian should sign Form A 2 and Trade officer should compulsorily obtain all KYC documents of natural Guardian. Remittances under the Scheme can also be consolidated in respect of family members subject to individual family members complying with its terms and conditions for Current Account Transaction. However, clubbing is not permitted by other family members for capital account transactions such as opening a bank account/investment/purchase of property, if they are not the co-owners/co-partners of the overseas bank account/ investment/property.
13.2.1.6	**Surrender of Foreign Exchange** In case the foreign exchange purchased for a specific purpose is not utilized for that purpose, it can be utilized for any other eligible purpose for which drawal of foreign exchange is permitted under the relevant Rules / Regulation. General permission is available to any resident individual to surrender received / realised / unspent / unused foreign exchange to an Authorised Person within a period of 180 days from the date of receipt / realisation / purchase / acquisition / date of return of the traveller, as the case may be. However, where a person approaches Bank for surrender of unspent/ unutilized foreign exchange after the prescribed period of 180 days, Bank should not refuse to purchase the foreign exchange merely on the ground that the prescribed period has expired. The same should be highlighted to AGM / GM A returning traveller is permitted to retain with him, foreign currency, travellers' cheques and currency notes up to an aggregate amount of USD 2000 and foreign coins without any ceiling beyond 180 days. Foreign exchange so retained, can be utilized by the traveller for his subsequent visit abroad.
13.2.2	**Remittance Facilities for persons other than Individuals** Banks receive many requests for remittance of Foreign currency to other countries which are not towards import of good or services by corporates, Partnership firms, etc (other than resident individuals). These are covered under Master Direction - Other Remittance Facilities. It require 15CA/CB as per Income tax guidelines. (Refer Master Direction - Other Remittance Facilities)
13.2.2.1	**Gift/ donation** Bank may allow client remittance of donations up-to one per cent (1%) of client's foreign exchange earnings during the previous three financial years or USD 5,000,000, whichever is less, for (a) creation of Chairs in reputed educational institutes,

	(b) contribution to funds (not being an investment fund) promoted by educational institutes; and (c) Contribution to a technical institution or body or association in the field of activity of the donor Company. Any additional remittance in excess of the same shall require prior approval of the RBI and would need to be refereed to AGM / GM
13.2.2.2	**Commission to agents abroad for sale of residential flats or commercial plots in India** Trade officer should note that RBI approval is required if commission per transaction to agents abroad for sale of residential flats or commercial plots in India exceeds USD 25,000 or five percent of the inward remittance whichever is more.
13.2.2.3	**Remittances towards consultancy services** Trade officer should note that RBI approval is required if remittances exceed USD 10,000,000 (USD Ten Million) per project for any consultancy services in respect of infrastructure projects and USD 1,000,000 (USD One Million) per project, for other consultancy services procured from outside India.
13.2.2.4	**Remittances towards re-imbursement of pre-incorporation expenses** Trade officer should note that RBI approval is required for remittances exceeding five per cent of investment brought into India or USD 100,000 whichever is higher, by an entity in India by way of reimbursement of pre-incorporation expenses
13.2.2.5	**Bids in foreign currency for projects to be executed in India** Persons resident in India are permitted to incur liability in foreign exchange and to make or to receive payments in foreign exchange, in respect of global bids where the Central Government has authorised such projects to be executed in India. In such cases, Bank may sell foreign exchange to the concerned resident Indian company which has been awarded the contract.
13.2.2.6	**Liberalization of foreign technical collaboration agreements** Bank may permit withdrawal of foreign exchange by persons for payment of royalty and lump-sum payment under technical collaboration agreements without the approval of Ministry of Commerce and Industry, Government of India. Trade officer should vet the underlying contract and obtain prior approval of AGM / GM for such transactions.
13.2.2.7	**Remittance for purchase of trademark or franchise in India** Banks may permit withdrawal of foreign exchange by person for purchase of trademark

	or franchise in India without approval of the Reserve Bank.
13.3	**Operational Process**
13.3.1	**Receipt of Client Request** Customer request is received at the banks` counter and the counter staff should provide acknowledgment with date and stamp. Trade officer should ensure that all required transactional documents are submitted by client for executing remittance instruction / withdrawal of foreign exchange. Following minimum documents need to be checked; • Request letter • Form A2 • FEMA Undertaking, • 15CA & CB wherever applicable. • KYC Docs (if it is not available with Bank) • PAN CARD
13.3.2	**Scrutiny of the request** The request is referred to the scrutiny staff for necessary checks on 1. Signature verification 2. customer undertaking and relevant documents, 3. Clarification which would satisfy the bank on the genuineness of the transaction and it is not in contravention of rules and regulation. 4. Availability of funds in account to be debited.* 5. Amount of currency in case of LRS As the transaction is non-import form A-2 is obtained from the customer. If documents / reason for remittance is not clear, Trade officer should seek clarification from client in writing and attach the same with transaction for future reference. *Bank should ensure that the payment is received out of funds belonging to the person seeking to make the remittances, by a cheque drawn on the applicant's bank account or by debit to his account or by Demand Draft / Pay Order. Bank may also accept the payment through credit /debit/prepaid card of the card holder.
13.3.3	**Co-ordination with Treasury for Rates** The transaction is referred to Treasury dealer for exchange rate unless transaction is debit to EEFC account. Post receipt of exchange rate, All the Details of the transaction i.e. remitter/receiver name, address, bank details, swift code, currency, amount, rate of exchange, purpose of the remittance are inputted in the bank's internal system and released to checker for approval. Post approval of transaction, the remittance is made / currencies are delivered to client.

	Swift is prepared separately with clear remittance instruction as specified by client and released.
13.3.4	**Printing of advice/swift** Debit advice and swift is printed from the system. Debit advice and swift copy is delivered to the customer across the counter or couriered to them as per their instruction
13.3.5	**Retaining of processed documents** Processed documents are retained for a year in the dept., till internal auditor checks the same and need be provided to RBI inspector when the same sought by them at the time of inspection.
13.3.6	**On-line Instruction by Clients** Bank may offer on-line banking facility to clients for facilitating miscellaneous remittances and reducing paperwork associated with payment transactions, Bank may allow online submission of Form A2. Besides, client may also upload documents, if and as may be necessary, to establish the permissibility of the remittances. Remittances that do not require any documentation (e.g. certain transactions under the LRS) may be put through on the basis of the Form A2 alone. Remittances on the basis of online submission alone will be available for transactions with an upper limit of USD 25,000 (or its equivalent) for individuals and USD 100,000 (or its equivalent) for corporates. Back end operation process remains same as highlighted above.
13.3.7	**Capital Account Transaction** The client should have maintained the bank account with the bank for a minimum period of one year prior to the remittances for capital account transactions. For new client, Bank should carry out due diligence on the opening, operation and maintenance of the account. Bank should also obtain bank statement for the previous year from the applicant to satisfy themselves regarding the source of funds. If such a bank statement is not available, copies of the latest Income Tax Assessment Order or Return filed by the applicant may be obtained. Bank should not extend any kind of credit facilities to resident individuals to facilitate remittances for capital account transactions under the Scheme. All capital account transaction should be refereed to AGM / GM for approval.
13.3.8	**FATF / OFAC / HM/ EU / UN listed Countries** Bank may keep a record of the countries identified by FATF as non-co-operative countries and territories and accordingly update the list from time to time for necessary action by

	their branches handling the transactions under LRS. For this purpose, they may access the website www.fatf-gafi.org to obtain the latest list of non-co-operative countries notified by FATF. **GM / AGM approval is required for such transactions.**

13.4.1	**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 up to 10% of invoice value of exports of tea and tobacco. 7. Payment related to "Call Back Services" of telephones. **8.** 8. Remittance of interest income on funds held in Non-Resident Special Rupee (Account) Scheme.

13.4.2

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**
Cultural Tours	Ministry of Human Resources Development, (Department of Education and Culture)
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)
Remittance of freight of vessel chartered by a PSU	Ministry of Surface Transport, (Chartering Wing)
Payment of import through ocean transport by a Govt. Department or a PSU on c.i.f. basis (i.e. other than f.o.b. and f.a.s. basis)	Ministry of Surface Transport, (Chartering Wing)
Multi-modal transport operators making remittance to their agents abroad	Registration Certificate from the Director General of Shipping
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
Remittance of container detention charges exceeding the rate prescribed by Director General of Shipping	Ministry of Surface Transport (Director General of Shipping)
omitted	
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)
Omitted	
Remittance for membership of P&I Club	Ministry of Finance (Insurance Division)

13.4.3

SCHEDULE III (See rule 5)

Notified by GOI Notification No. G.S.R 426(E) dated May 26, 2015

Facilities for individuals—

1. Individuals can avail of foreign exchange facility for the following purposes within the limit of USD 2,50,000 only. Any additional remittance in excess of the said limit for the following purposes shall require prior approval of the Reserve Bank of India.

Private visits to any country (except Nepal and Bhutan).
Gift or donation.
Going abroad for employment.
Emigration.
Maintenance of close relatives abroad.
Travel for business, or attending a conference or specialised training or for meeting expenses for meeting medical expenses, or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment/ check-up.
Expenses in connection with medical treatment abroad.
Studies abroad.
Any other current account transaction

Provided that for the purposes mentioned at item numbers (iv), (vii) and (viii), the individual may avail of exchange facility for an amount in excess of the limit prescribed under the Liberalised Remittance Scheme as provided in regulation 4 to FEMA Notification 1/2000-RB, dated the 3rd May, 2000 (here in after referred to as the said Liberalised Remittance Scheme) if it is so required by a country of emigration, medical institute offering treatment or the university, respectively:

Provided further that if an individual remits any amount under the said Liberalised Remittance Scheme in a financial year, then the applicable limit for such individual would be reduced from USD 250,000 (US Dollars Two Hundred and Fifty Thousand Only) by the amount so remitted:

provided also that for a person who is resident but not permanently resident in India and –

is a citizen of a foreign State other than Pakistan; or
is a citizen of India, who is on deputation to the office or branch of a foreign company or subsidiary or joint venture in India of such foreign company,

may make remittance up to his net salary (after deduction of taxes, contribution to provident fund and other deductions).

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 assignments, the duration of which does not exceed three years, is a resident but not permanently resident:

	Provided also that a person other than an individual may also avail of foreign exchange facility, mutatis mutandis, within the limit prescribed under the said Liberalised Remittance Scheme for the purposes mentioned herein above. **Facilities for persons other than individual -** 2. The following remittances by persons other than individuals shall require prior approval of the Reserve Bank of India. (i) Donations exceeding one per cent. of their foreign exchange earnings during the previous three financial years or USD 5,000,000, whichever is less, for- creation of Chairs in reputed educational institutes, contribution to funds (not being an investment fund) promoted by educational institutes; and contribution to a technical institution or body or association in the field of activity of the donor Company. (ii) Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding USD 25,000 or five percent of the inward remittance whichever is more. (iii) Remittances exceeding USD 10,000,000 per project for any consultancy services in respect of infrastructure projects and USD 1,000,000 per project, for other consultancy services procured from outside India. **Explanation:—For the purposes of this sub-paragraph, the expression "infrastructure' shall mean as defined in explanation to para 1(iv)(A)(a) of Schedule I of FEMA Notification 3/2000-RB, dated the May 3, 2000.** (iv) Remittances exceeding five per cent of investment brought into India or USD 100,000 whichever is higher, by an entity in India by way of reimbursement of pre-incorporation expenses."

13.4.5	**Annex I: Purpose Codes for Reporting under FETERS**		
	A. Payment Purposes (for use in BOP file)		
Gr. No.	**Purpose Group Name**	**Purpose Code**	**Description**
0	Capital Account	S0017	Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., land acquired by government, use of natural resources) – Government

		S0019	Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., use of natural resources) – Non-Government
		S0026	Capital transfers (Guarantees payments, Investment Grand given by the government/international organisation, exceptionally large Non-life insurance claims) – Government
		S0027	Capital transfers (Guarantees payments, Investment Grand given by the Non-government, exceptionally large Non-life insurance claims) – Non- Government
		S0099	Other capital payments not included elsewhere
	Financial Account		
	Foreign Direct Investments	S0003	Indian Direct investment abroad (in branches & wholly owned subsidiaries) in equity Shares
		S0004	Indian Direct investment abroad (in subsidiaries and associates) in debt instruments
		S0005	Indian investment abroad – in real estate
		S0006	Repatriation of Foreign Direct Investment made by overseas Investors in India – in equity shares
		S0007	Repatriation of Foreign Direct Investment in made by overseas Investors India – in debt instruments
		S0008	Repatriation of Foreign Direct Investment made by overseas Investors India – in debt instruments
	Foreign Portfolio Investments	S0001	Indian Portfolio investment abroad – in equity shares
		S0002	Indian Portfolio investment abroad – in debt instruments
		S0009	Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in equity shares
		S0010	Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in debt instruments
	External Commercial Borrowings	S0011	Loans extended to Non-Residents
		S0012	Repayment of long & medium-term loans with original maturity above one year received from Non- Residents

	Short term Loans	S0013	Repayment of short term loans with original maturity up to one year received from Non-Residents
	Banking Capital	S0014	Repatriation of Non-Resident Deposits (FCNR(B)/NR(E)RA etc.)
		S0015	Repayment of loans & overdrafts taken by ADs on their own account.
		S0016	Sale of a foreign currency against another foreign currency
	Financial Derivatives and Others	S0020	Payments made on account of margin payments, premium payment and settlement amount etc. under Financial derivative transactions
		S0021	Payments made on account of sale of share under Employee stock option
		S0022	Investment in Indian Depositories Receipts (IDRs)
		S0023	Remittances made under Liberalised Remittance Scheme (LRS) for Individuals
	External Assistance	S0024	External Assistance extended by India. *e.g.* Loans and advances extended by India to Foreign governments under various agreements
		S0025	Repayments made on account of External Assistance received by India.
1	Transport	S0201	Payments for surplus freight/passenger fare by foreign shipping companies operating in India
		S0202	Payment for operating expenses of Indian shipping companies operating abroad
		S0203	Freight on imports – Shipping companies
		S0204	Freight on exports – Shipping companies
		S0205	Operational leasing/Rental of Vessels (with crew) – Shipping companies
		S0206	Booking of passages abroad – Shipping companies
		S0207	Payments for surplus freight/passenger fare by foreign Airlines companies operating in India
		S0208	Operating expenses of Indian Airlines companies operating abroad
		S0209	Freight on imports – Airlines companies

		S0210	Freight on exports – Airlines companies
		S0213	Operational leasing / Rental of Vessels (with crew) – Airline companies
		S0213	Booking of passages abroad – Airlines companies
		S0214	Payments on account of stevedoring, demurrage, port handling charges etc. (Shipping companies)
		S0215	Payments on account of stevedoring, demurrage, port handling charges, etc. (Airlines companies)
		S0216	Payments for Passenger - Shipping companies
		S0217	Other payments by Shipping companies
		S0218	Payments for Passenger - Airlines companies
		S0219	Other Payments by Airlines companies
		S0220	Payments on account of freight under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)
		S0221	Payments on account of passenger fare under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)
		S0222	Postal & Courier services by Air
		S0223	Postal & Courier services by Sea
		S0224	Postal & Courier services by others
2	Travel	S0301	Business travel.
		S0303	Travel for pilgrimage
		S0304	Travel for medical treatment
		S0305	Travel for education (including fees, hostel expenses etc.)
		S0306	Other travel (including holiday trips and payments for settling international credit cards transactions)
3	Construction Services	S0501	Construction of projects abroad by Indian companies including import of goods at project site abroad

		S0502	Cost of construction etc. of projects executed by foreign companies in India.
4	Insurance and Pension Services	S0601	Life Insurance premium except term insurance
		S0602	Freight insurance – relating to import & export of goods
		S0603	Other general insurance premium including reinsurance premium; and term life insurance premium
		S0605	Auxiliary services including commission on insurance
		S0607	Insurance claim Settlement of non-life insurance; and life insurance (only term insurance)
		S0608	Life Insurance Claim Settlements
		S0609	Standardised guarantee services
		S0610	Premium for pension funds
		S0613	Periodic pension entitlements e.g. monthly quarterly or yearly payments of pension amounts by Indian Pension Fund Companies.
		S0613	Invoking of standardised guarantees
5	Financial Services	S0701	Financial intermediation, except investment banking - Bank charges, collection charges, LC charges etc.
		S0702	Investment banking – brokerage, under writing commission etc.
		S0703	Auxiliary services – charges on operation & regulatory fees, custodial services, depository services etc.
6	Telecommunication, Computer & Information Services	S0801	Hardware consultancy/implementation
		S0802	Software consultancy / implementation
		S0803	Data base, data processing charges
		S0804	Repair and maintenance of computer and software
		S0805	News agency services

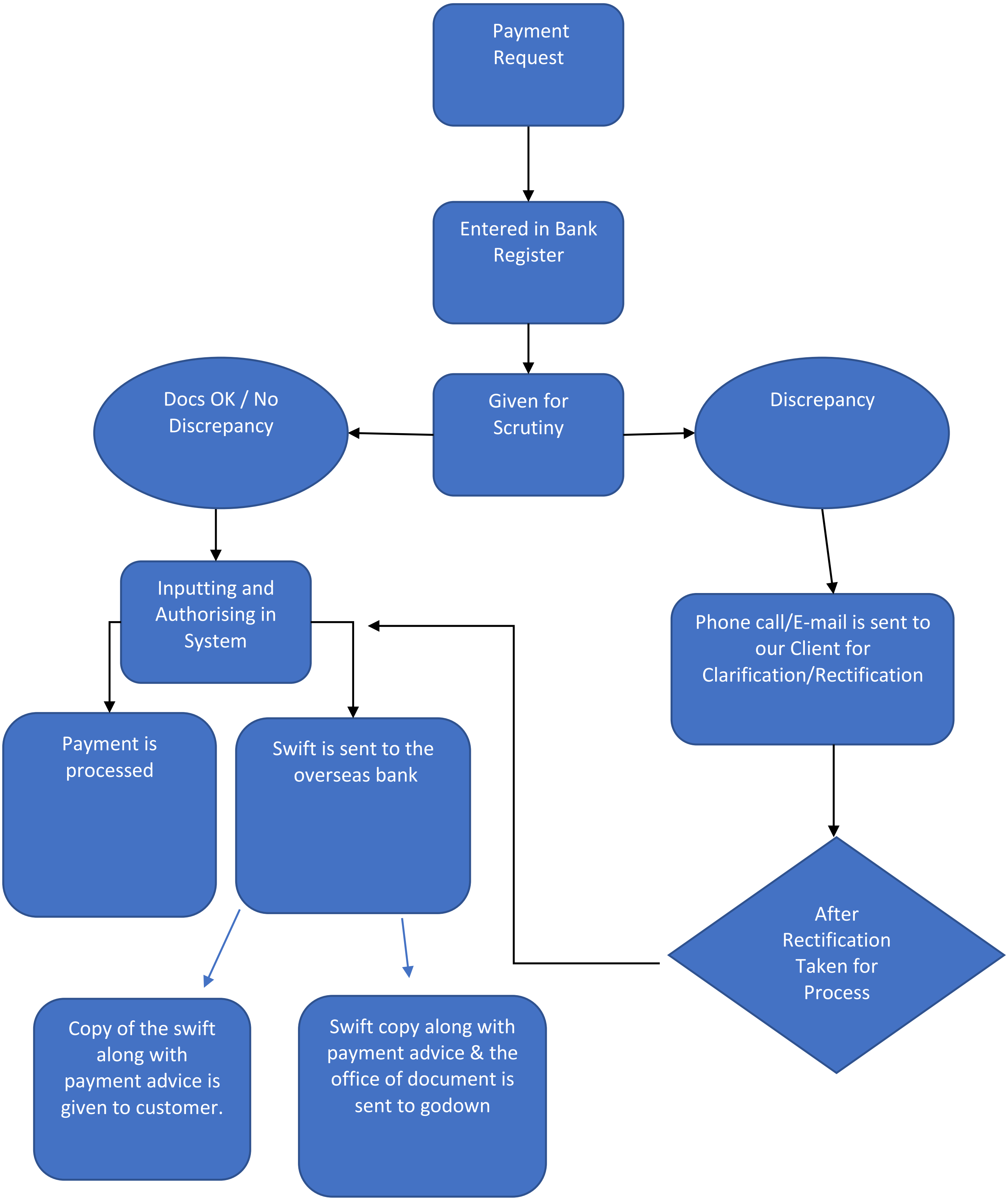
		S0806	Other information services- Subscription to newspapers, periodicals
		S0807	Off-site software imports
		S0808	Telecommunication services including electronic mail services and voice mail services
		S0809	Satellite services including space shuttle and rockets etc.
7	Charges for the use of intellectual property	S0901	Franchises services
		S0902	Payment for use, through licensing arrangements, of produced originals or prototypes (such as manuscripts and films), patents, copyrights, trademarks and industrial processes etc.
8	Other Business Services	S1002	Trade related services – commission on exports /imports
		S1003	Operational leasing services (other than financial leasing) without operating crew, including charter hire- Airlines companies
		S1004	Legal services
		S1005	Accounting, auditing, book-keeping services
		S1006	Business and management consultancy and public relations services
		S1007	Advertising, trade fair service
		S1008	Research & Development services
		S1009	Architectural services
		S1010	Agricultural services like protection against insects & disease, increasing of harvest yields, forestry services.
		S1013	Payments for maintenance of offices abroad
		S1013	Environmental Services
		S1014	Engineering Services
		S1015	Tax consulting services
		S1016	Market research and public opinion polling service
		S1017	Publishing and printing services

		S1018	Mining services like on–site processing services analysis of ores etc.
		S1020	Commission agent services
		S1021	Wholesale and retailing trade services.
		S1022	Operational leasing services (other than financial leasing) without operating crew, including charter hire- Shipping companies
		S1023	Other Technical Services including scientific/space services. Other services not included elsewhere
		S1099	
9	Personal, Cultural & Recreational services	S1301	Audio-visual and related services like Motion picture and video tape production, distribution and projection services.
		S1303	Radio and television production, distribution and transmission services
		S1304	Entertainment services
		S1305	Museums, library and archival services
		S1306	Recreation and sporting activities services
		S1307	Education (e.g. fees for correspondence courses abroad)
		S1308	Health Service (payment towards services received from hospitals, doctors, nurses, paramedical and similar services etc. rendered remotely or on-site)
		S1309	Other Personal, Cultural & Recreational services
10	Govt. not included elsewhere (G.n.i.e.)	S1301	Maintenance of Indian embassies abroad
		S1302	Remittances by foreign embassies in India
13	Secondary Income	S1301	Remittance for family maintenance and savings
		S1302	Remittance towards personal gifts and donations
		S1303	Remittance towards donations to religious and charitable institutions abroad
		S1304	Remittance towards grants and donations to other governments and charitable institutions established by the governments.

		S1305	Contributions/donations by the Government to international institutions
		S1306	Remittance towards payment / refund of taxes.
		S1307	Outflows on account of migrant transfers including personal effects
13	Primary Income	S1401	Compensation of employees
		S1402	Remittance towards interest on Non-Resident deposits (FCNR(B)/NR(E)RA, etc.)
		S1403	Remittance towards interest on loans from Non-Residents (ST/MT/LT loans) e.g. External Commercial Borrowings, Trade Credits, etc.
		S1405	Remittance towards interest payment by ADs on their own account (to VOSTRO a/c holders or the OD on NOSTRO a/c.)
		S1408	Remittance of profit by FDI enterprises in India (by branches of foreign companies including bank branches)
		S1409	Remittance of dividends by FDI enterprises in India (other than branches) on equity and investment fund shares
		S1410	Payment of interest by FDI enterprises in India to their Parent company abroad.
		S1413	Remittance of interest income on account of Portfolio Investment in India
		S1413	Remittance of dividends on account of Portfolio Investment in India on equity and investment fund shares
13	Others	S1501	Refunds / rebates / reduction in invoice value on account of exports
		S1502	Reversal of wrong entries, refunds of amount remitted for non-exports
		S1503	Payments by residents for international bidding
		S1504	Notional sales when export bills negotiated/ purchased/ discounted are dishonoured/ crystallised/ cancelled and reversed from suspense account
		S1505	Deemed Imports (exports between SEZ, EPZs and Domestic tariff areas)

14	Maintenance and repair services	S1601	Payments on account of maintenance and repair services rendered for Vessels, ships, boats, warships, etc.
		S1602	Payments on account of maintenance and repair services rendered for aircrafts, space shuttles, rockets, military aircrafts, helicopters, etc.
15	Manufacturing services (goods for processing)	S1701	Payments for processing of goods

OTHER OUTWARD REMITTANCES PROCESS FLOW



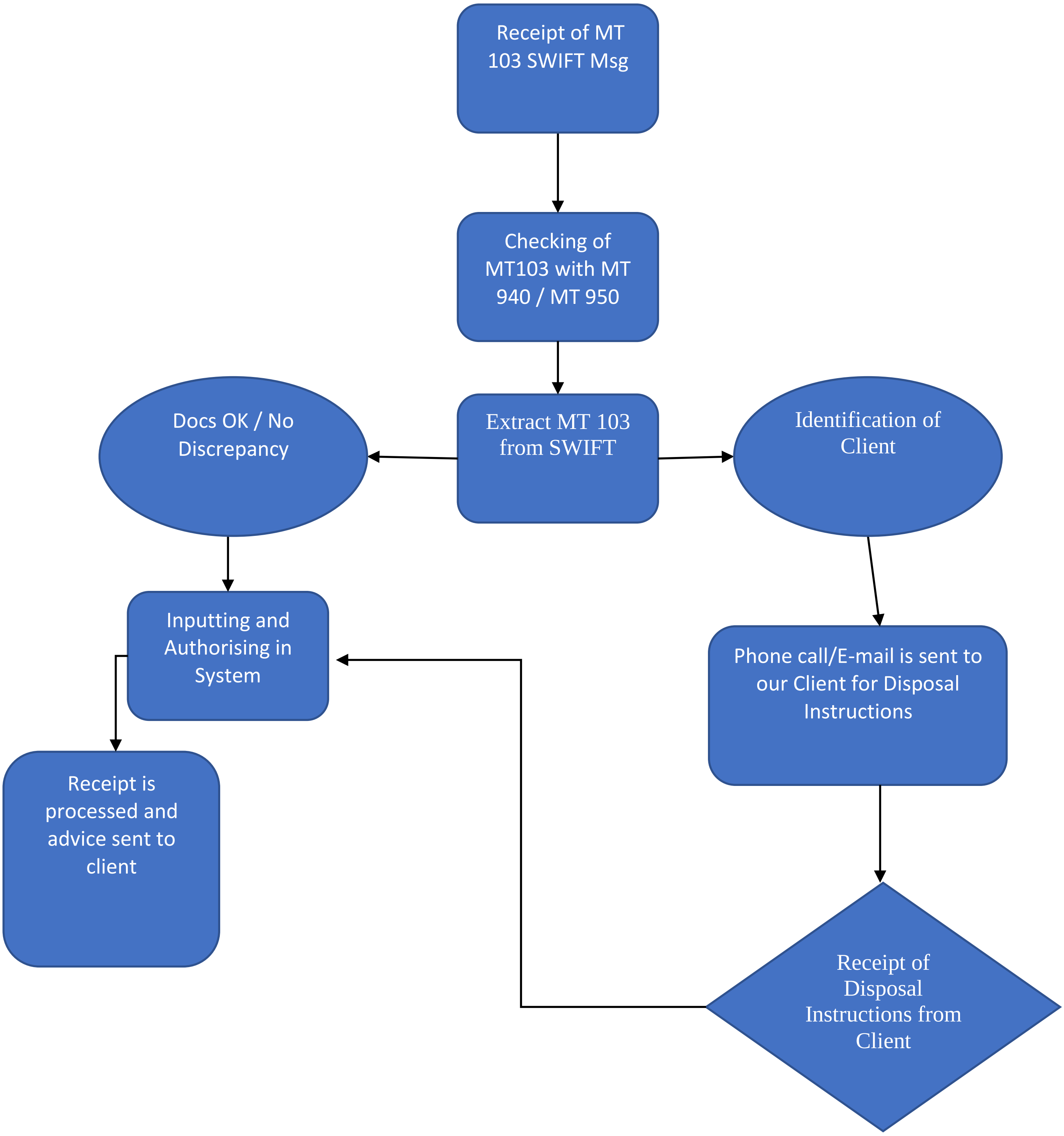
INWARD REMITTANCES

	Product Synopsis
14.1	There are no restrictions on receipt of remittances in India from any foreign country through any person to receive directly from persons resident outside India, foreign exchange in the form of bank drafts or travellers cheques issued outside India or cheques drawn on banks situated outside India, or Bank to Bank transfer through MT 103 .The objective of this process note is to clearly define an operating process to be followed for processing inward remittance transactions received towards Export Advance,Gift,Donations,Family Maintenances, NRI Deposits etc. in compliance of the statutory regulations / internal guidelines in force from time to time and within the committed turnaround time and service assurance.
	RECEIPT OF FOREIGN CONTRIBUTIONS BY ASSOCIATIONS/ ORGANIZATIONS IN INDIA The provisions of FCRA,1976 while dealing with receipt of foreign contributions. these organizations/associations can accept contributions from a 'Foreign Source' only if they are registered with the Ministry of Home Affairs or only after obtaining prior permission from the above Ministry. The 'Foreign Source' for the purpose of the aforesaid Act has been defined in Section 2(e) of the Act ibid and it is evident therefrom that remittances from Indians abroad i.e. Indian citizens, for the purpose of contributing to the aforesaid associations/organizations do not attract the provisions of FCRA. However, in case of contribution given by the non-resident **foreign citizens** of Indian origin through their NRE and FCNR accounts maintained in India, the provisions of FCRA will be attracted and these contributions are to be treated as 'Foreign Source'. Consequently, recipient associations /organizations would require registration under FCRA or prior permission of the central Government before accepting contributions from a 'foreign source'.
14.2	**ACQUISITION OF FOREIGN EXCHANGE BY RESIDENTS** Payment of foreign inward remittance Foreign currency remittance shall be converted into Indian Rupees or Deposit in foreign currency account maintained with us. The beneficiary has the option of presenting the related instrument for payment or for execution of disposal instruction for processing within seven days period. The applicable exchange rate for conversion of the foreign currency inward remittance shall be T T buying rate or the contracted rate as the case may be.

14.3	**ISSUE OF FOREIGN INWARD REMITTANCE CERTIFICATE / EFIRC** With a view to further strengthen the process of FIRC issuance, the Foreign Exchange Dealers Association of India (hereafter referred to as FEDAI) vide their circular reference SPL- 04/2016 dated April 21, 2016 has further modified the guidelines with regard to issuance of Foreign Inward Remittance Certificates (FIRC) for Inward Remittances received by AD Banks. Under the revised guidelines, FIRCs on secured paper as per Form BCI and bearing distinctive serial number can now be issued for the following inward remittance only. – Inward remittances covering FDI / FII E-FIRC – Receipt of export proceeds by a bank other than the one that handles export documents. The said e- FIRC would be issued basis an application to the recipient bank and would be specifically addressed to the bank holding export documents. Accordingly – No FIRCs can now be issued towards Advance payments for Exports. – The validity of FIRCs would be for a period of one year. The said instructions are operative with effect from 1 May, 2016. Please be accordingly guided by the same.
14.4	**REFUND OF INWARD REMITTANCES** Authorized dealers may comply with requests received from their overseas correspondents for cancellation of inward remittances in foreign exchange and refund the amounts without reference to Reserve Bank after satisfying themselves that the refunds are not being made in cover of transactions of a compensatory nature, resulting in remittances which should have normally accrued to India being either loss to the country or used by residents in India other than the original beneficiaries.

14.5	**PROCESS FLOW**: The detailed flow of events for the process of Inward Remittance credits on account of Export Advance, Gift, Donations, Family Maintenances, NRI Deposits etc. Ø Receipt of MT103 swift messages from foreign banks in Swift/ MT103 Ø Checking of Auto matched entries (MT103 with MT940) Ø Extracting the MT103 remittances information from Swift/ MT103 Tracker Ø Identify the blank branch fields and assigning them with correct branch codes. Ø Inform to client for Disposal instruction. Ø Receipt of Disposal instruction from client as per Templates. Ø Compliance check on Remitter, Remitter Country, Remitting Bank, & Beneficiary Ø Obtaining T.T.Buying Card rates or obtain from Treasury Dept. Mumbai for the transactions which are specifically mentioned.

INWARD REMITTANCES PROCESS FLOW



MODULE V: NRO / NRE / FCNR (B)

NRO, NRE & FCNR (B)

Non-Resident (Ordinary) Account - NRO Account

15.1.1	**Product Synopsis** RBI allows opening, holding and maintaining accounts in India by a person resident outside India. Banks can offer account opening facility to Non-resident Indians (NRIs) and Persons of Indian Origin (PIOs). An NRO account is a savings / current account held in India that helps NRIs manage income earned in India such as rent, dividends, or pension from abroad. The account holder can deposit and manage accumulated rupee funds conveniently through a NRO account.
15.1.2	**Eligibility to open NRO Account** Any person resident outside India may open and maintain NRO account with Bank for the purpose of putting through bona fide transactions denominated in Indian Rupees. *(RBI also allows Post Offices in India to open savings bank accounts in the names of person's resident outside India and allow operations on these accounts subject to the same terms and conditions as are applicable to NRO accounts maintained with an authorised dealer/ authorised bank.)*
15.1.3	**Types of Accounts** The accounts may be maintained in any form viz. savings, current, recurring or fixed deposit account etc.
15.1.4	**Joint Accounts** The accounts may be held jointly with residents on 'former of survivor' basis. NRIs and PIOs may hold an NRO account jointly with other NRIs and PIOs The NRI (PIO / OCI) will be the primary/first account holder in the joint account and Resident Indian (RI) will be the second applicant
15.1.5	**Account opening by Citizens of Pakistan & Bangladesh** Opening of accounts by individuals/ entities of Pakistan nationality/ ownership and entities of Bangladesh ownership requires prior approval of the RBI. However, individuals of Bangladesh nationality may be allowed to open these accounts subject to the individual/ s holding a valid visa and valid residential permit issued by Foreigner Registration Office (FRO)/ Foreigner Regional Registration Office (FRRO) concerned
15.1.6	**Account Opening Process** Bank may receive the request to open NRO account. The bank, the counter staff should accept the request and affix the date and time stamp. An acknowledgement can be given

	to the customer.
15.1.6.1	**Documents Required to open NRO Account** **For NRI** 1. Properly filled up Accounting Opening Form, 2. Passport Copy 3. Valid work permit/employment visa/Residence Visa/Residence Permit 4. PAN Card copy or Form 60 5. FATCA / CRS Declaration 6. Photos 7. Address proof of both India and overseas. **8.** For minor account, guardian details with NOC, if any. **For PIO (Person of India Origin)** In addition to above; PIO card or past Indian passport of self/parent/grandparent along with a self-declaration about Indian origin OR self-declaration for PIO **For Students** In addition to above; Valid student visa / I-20 form (applicable only for non-face to face US customers). In case a student holds a regular visa then copy of admission letter / identity card from the university to be obtained to confirm student status. **For Seafarers** In addition to above; 1. Work contract 2. Last wage slip (should not be more than six months old).
15.1.6.2	**Processing of Account opening** On receipt of all the necessary documents and if documents are found in order, the officer should put up the case with Asst. Manager / Branch Manager who would approve the account opening.
15.1.7	**Permitted Credits & Debits to the NRO account** Following are permissible credits in NRO accounts ❑ Transfer from another Resident Indian / NRE / FCNR (B) account

	❑ Fresh remittance from abroad through banking channel ❑ Personal cheques drawn on foreign account ❑ Proceeds of Foreign Currency Notes / Travelers cheques tendered by NRI / PIO / OCI, while visiting India. Amounts in excess of USD 5000 (or equivalent) in currency or USD 10,000/- (or equivalent) in Travelers cheques should be accompanied by a Currency Declaration Form ❑ Interest, dividend and maturity proceeds of investments made in India etc on non-repatriable basis The account can be debited for the purpose of ❑ Local payments such as Electricity Bills, Municipal Taxes etc. ❑ Transfers to other NRO accounts or remittance of current income abroad. ❑ Balances in the NRO account cannot be repatriated abroad except relaxation may be given by NRIs and PIOs up to USD 1 million. Funds can be transferred to NRE account within this USD 1 Million facility
15.1.8	**Rate of Interest** Interest is applicable to NRO account and Bank may decide rate of interest as per internal policy.
15.1.9	**Operation of Account by Power of Attorney Holder** Bank may allow operations of NRO account in terms of a Power of Attorney granted in favour of a resident by the non-resident individual account holder provided such operations are restricted to local payments and remittances to non-residents i.e. account holder . All such request to operate account by POA holder would be approved by Manager / Branch Manager.
15.1.10	**Nomination** Nomination is Permitted in favour of resident as well as non - resident
15.1.11	**Loans against the balance in India** Loans against the deposits held in NRO account can be granted in India to the account holder or third-party subject to usual norms and margin requirement. The loan amount shall not be used for relending, carrying on agricultural/plantation activities or investment in real estate.
15.1.12	**Renewal & Premature withdrawal of deposit** Renewal & Premature withdrawal of deposit is allowed like any local deposits

15.1.13	**Status of account on return to India for permanent** NRO accounts may be designated as resident accounts on the return of the account holder to India for any purpose indicating his intention to stay in India for an uncertain period. Likewise, when a resident Indian becomes a person resident outside India, his existing resident account should be designated as NRO account. Such change in status of account should be approved by Asst. Manager / Branch Manager
15.1.14	**Transfer of funds to non-resident Nominee** In the event of the demise of an account holder, balances in the account can be transferred to the non-resident nominee of the deceased account holder. However, request from a non-resident nominee for remittance of funds outside India for meeting the liabilities, if any, of the deceased account holder or for similar other purposes, should be forwarded to the Reserve Bank for consideration.
15.1.15	**Applicability of TAX** Income from interest on balances standing to the credit of NRO account is applicable for Tax. TDS to be deducted as per Income Tax Law.

Non-Resident (External) Rupee Account – NRE Account

15.2.1	**Product Synopsis** RBI allows opening, holding and maintaining accounts in India by a person resident outside India. Banks can offer account opening facility to Non-resident Indians (NRIs) and Persons of Indian Origin (PIOs). An NRE account can be opened by any person who is residing outside India. NRIs having NRE account in India are permitted to hold and maintain foreign currency earnings in Indian rupees. All the funds, along with the accrued interest, are freely repatriable; more over the interest earned is not taxable in India.
15.2.2	**Eligibility to open NRE Account** Any person resident outside India (NRI / PIOs) may open and maintain NRE account with Bank for the purpose of putting through bona fide transactions denominated in Indian Rupees. Foreign Currency cheques or Proceeds of FCNR accounts or Transfer from any other NRE accounts by cheques drawn on NRE account or RTGS/NEFT remittance from another NRE account.
15.2.3	**Types of Accounts** The accounts may be maintained in any form viz. savings, current, recurring or fixed deposit account etc.
15.2.4	**Joint Accounts** Joint accounts can be opened by two or more NRIs and/or PIOs or by an NRI/PIO with a resident relative(s) on 'former or survivor' basis. However, during the life time of the NRI/PIO account holder, the resident relative can operate the account only by valid Power of Attorney holder
15.2.5	**Account Opening Process** Bank may receive the request to open NRE account. The bank, the counter staff should accept the request and affix the date and time stamp. An acknowledgement can be given to the customer.
15.2.5.1	**Documents Required to open NRE Account** **For NRI** 1. Properly filled up Accounting Opening Form, 2. Passport Copy 3. Valid work permit/employment visa/Residence Visa/Residence Permit

	4. PAN Card copy or Form 60 5. FATCA / CRS Declaration 6. Photos 7. Address proof of both India and overseas. **For PIO (Person of India Origin)** In addition to above; PIO card or past Indian passport of self/parent/grandparent along with a self-declaration about Indian origin OR self-declaration for PIO **For Students** In addition to above; Valid student visa / I-20 form (applicable only for non-face to face US customers). In case a student holds a regular visa then copy of admission letter / identity card from the university to be obtained to confirm student status. **For Seafarers** In addition to above; 1. Work contract 2. Last wage slip (should not be more than six months old).
15.2.5.2	**Processing of Account opening** On receipt of all the necessary documents and if documents are found in order, the officer should put up the case with Asst. Manager / Branch manager who would approve the account opening.
15.2.6	**Permitted Debits & Credits to NRE account** Following are permissible credits in NRE accounts ❑ Transfer from another NRE / FCNR (B) account ❑ Transfer from another NRO account up to USD 1 Million per financial year if such amount represents current Income of NRI and legitimate dues of NRI after deducting tax compliance. ❑ Fresh remittance from abroad through banking channel ❑ Personal cheques drawn on foreign account ❑ Proceeds of Foreign Currency Notes / Travelers cheques tendered by NRI / PIO / OCI, while visiting India. Amounts in excess of USD 5000 (or equivalent) in currency or USD 10,000/- (or equivalent) in Travelers cheques should be accompanied by a Currency Declaration Form ❑ Drafts issued by bank / exchange companies abroad ❑ Interest, dividend and maturity proceeds of investments made in India etc on repatriable basis

	The account can be debited for the purpose of ❑ Local payment ❑ Repatriation Abroad. ❑ Transfer to other NRE/ FCNR(B) accounts and investments in India.
15.2.7	**Tax Exemption** Income from interest on balances standing to the credit of NRE Accounts is exempt from Income Tax. Similarly, the balances held in such accounts are exempt from wealth tax too.
15.2.8	**Operation of Account by Power of Attorney Holder** Operations on an NRE account may be allowed for Resident who holds the Power of Attorney given by the non-resident account holder, provided such operations are restricted to withdrawals for local payments or remittance to the account holder himself through banking channels. In cases where the account holder or a bank designated by him is eligible to make investments in India, the Power of Attorney holder may be permitted to operate the account to facilitate such investment. The resident Power of Attorney holder is not allowed to 1. Open a NRE account; 2. Repatriate outside India funds held in the account other than to the account holder himself; 3. Make payment by way of gift to a resident on behalf of the account holder; **4.** Transfer funds from the account to another NRE account.
15.2.9	**Nomination** Nomination is Permitted in favour of resident as well as non - resident
15.2.10	**Loans against the balance in India** Loans against the deposits held in NRE account can be granted in India to the account holder or third-party subject to usual norms and margin requirement. The loan would include all types of fund based/ non-fund based facilities. The loan cannot be repatriated outside India and shall be used for the following purposes: a. personal purposes or for carrying on business activities except for the purpose of relending or carrying on agricultural/ plantation activities or for investment in real estate business; b. making direct investment in India on non-repatriation basis by way of contribution to the capital of Indian firms/ companies; c. acquiring flat/ house in India for his own residential use

	In case of loans sanctioned to a third party, there should be no direct or indirect foreign exchange consideration for the non-resident depositor agreeing to pledge his deposits to enable the resident individual/ firm/ company to obtain such facilities. In case of the loan sanctioned to the account holder, it can be repaid either by adjusting the deposits or through inward remittances from outside India through banking channels or out of balances held in the NRO account of the account holder
15.2.11	**Status of account on return to India** NRE accounts should be designated as resident accounts or the funds held in these accounts may be transferred to the RFC accounts, at the option of the account holder, immediately upon the return of the account holder to India for taking up employment or on change in the residential status. Such request should be approved by Asst. Manage / Manager.
15.2.12	**Demise of Account holder** In the event of the demise of an account holder, balances in the account can be transferred to the non-resident nominee of the deceased account holder. However, request from a resident nominee for remittance of funds outside India for meeting the liabilities, if any, of the deceased account holder or for similar other purposes, should be forwarded to the Reserve Bank for consideration In the event of the demise of an account holder, balances in the account can be transferred to the non-resident nominee of the deceased account holder. However, request from a resident nominee for remittance of funds outside India for meeting the liabilities, if any, of the deceased account holder or for similar other purposes should be forwarded to the Reserve Bank for consideration.

Foreign Currency (Non-resident) Account (Banks) Scheme – FCNR (B) Account

15.3.1	**Product Synopsis** FCNR Fixed Deposits are an excellent investment option for NRIs looking to retain their money in foreign currency and earn good returns on foreign currency earnings. This is a Fixed Deposit Foreign Currency account and not a savings account. Deposits in this account can be made in any of the major currencies like US Dollar, UK Pound, Canadian Dollar, Deutsche Mark, Japanese Yen and Euro. Other conditions such as credits/debits, joint accounts, loans / overdrafts, operation by power of attorney etc., as applicable to an NRE account will be applicable to FCNR (B) account as well.
15.3.2	**Eligibility to open FCNR B Account** Any person resident outside India (NRI / PIOs) may open and maintain FCNRB account with Bank.
15.3.3	**Types of Accounts** The accounts are to be maintained in form of fixed deposit account only in any of the major currencies like US Dollar, UK Pound, Canadian Dollar, Deutsche Mark, Japanese Yen and Euro. The Minimum Tenor for Deposit is 1 year and Maximum is 5 years as per current guidelines.
15.3.4	**Joint Accounts** Joint accounts can be opened by two or more NRIs and/or PIOs or by an NRI/PIO with a resident relative(s) on 'former or survivor' basis where NRI is former. However, during the life time of the NRI/PIO account holder, the resident relative can operate the account only as a Power of Attorney holder
15.3.5	**Account Opening Process** Bank may receive the request to open FCNRB account. The bank, the counter staff should accept the request and affix the date and time stamp. An acknowledgement can be given to the customer.
15.3.5.1	**Documents Required to open FCNR (B) Account** **For NRI** 1) Properly filled up Accounting Opening Form, 2) Passport Copy 3) Valid work permit/employment visa/Residence Visa/Residence Permit

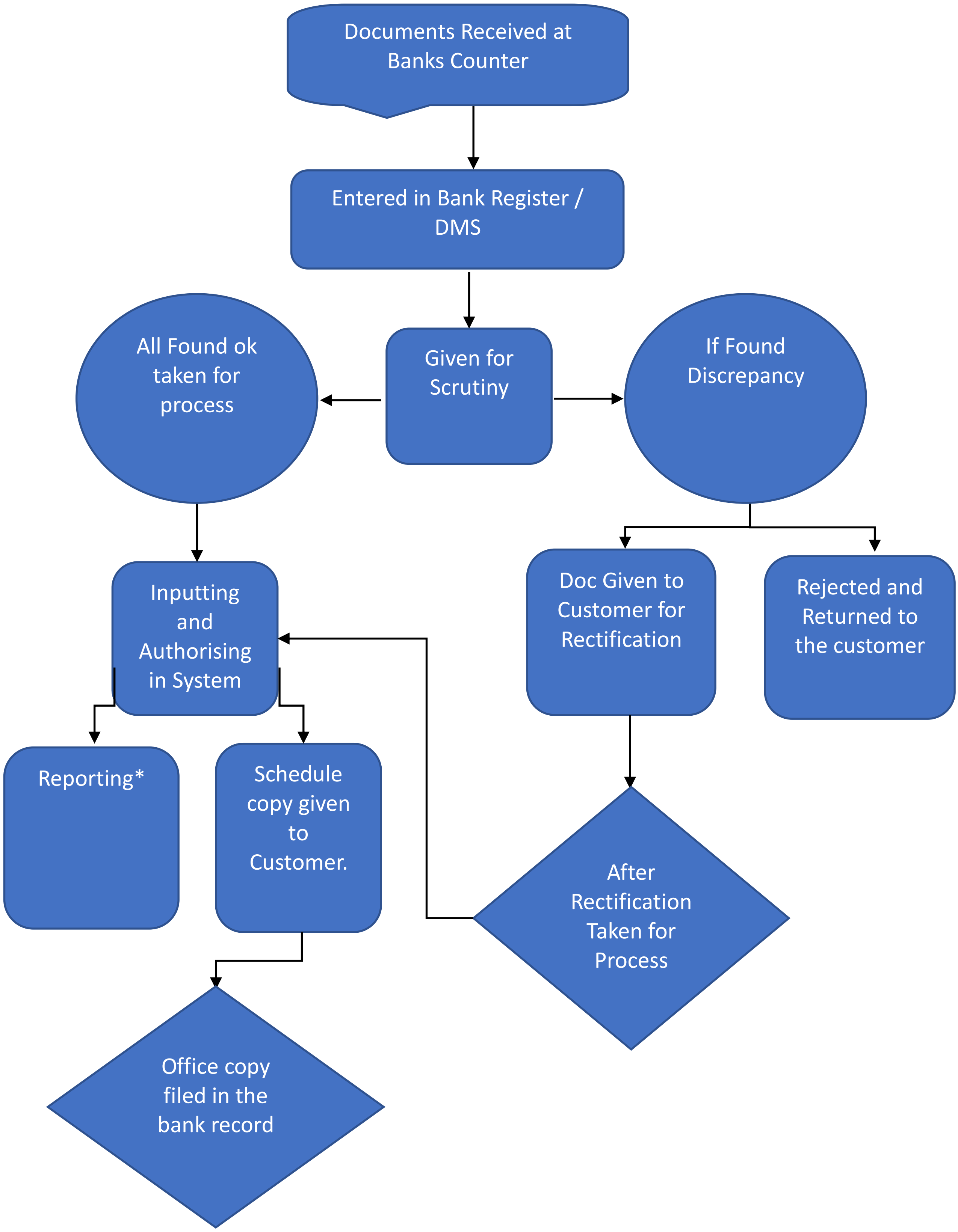
	4) PAN Card copy or Form 60 5) FATCA / CRS Declaration 6) Photos 7) Address proof of both India and overseas. **For PIO (Person of India Origin)** In addition to above; PIO card or past Indian passport of self/parent/grandparent along with a self-declaration about Indian origin OR self-declaration for PIO **For Students** In addition to above; Valid student visa / I-20 form (applicable only for non-face to face US customers). In case a student holds a regular visa then copy of admission letter / identity card from the university to be obtained to confirm student status. **For Seafarers** In addition to above; 3. Work contract 4. Last wage slip (should not be more than six months old).
15.3.5.2	**Processing of Account opening** On receipt of all the necessary documents and if documents are found in order, the officer should put up the case with Asst. Manager / Branch manager who would approve the account opening.
15.3.6	**Permitted Debits & Credits to FCNR (B) account** Following are permissible credits in FCNRB accounts ❑ Transfer from another NRE / FCNR (B) account ❑ Transfer from another NRO account (subject to limit) ❑ Fresh remittance from abroad through banking channel ❑ Personal cheques drawn on foreign account ❑ Proceeds of Foreign Currency Notes / Travelers cheques tendered by NRI / PIO / OCI, while visiting India. Amounts in excess of USD 5000 (or equivalent) in currency or USD 10,000/- (or equivalent) in Travelers cheques should be accompanied by a Currency Declaration Form. As far as possible avoid to accept foreign currency for opening FCNR B Deposit. For exceptional cases kindly obtain AGM/GM Forex & Treasury Dept. prior approval for the same.

	The account can be debited for the purpose of ❑ Local payment ❑ Remittance of current income abroad ❑ Transfer to other NRE/ FCNR(B) accounts and investments in India.
15.3.7	**Tax Exemption** Income from interest on balances standing to the credit of NRE Accounts is exempt from Income Tax. Similarly, the balances held in such accounts are exempt from wealth tax too.
15.3.8	**Operation of Account by Power of Attorney Holder** Operations on an NRE account may be allowed for Resident who holds the Power of Attorney given by the non-resident account holder, provided such operations are restricted to withdrawals for local payments or remittance to the account holder himself through banking channels. In cases where the account holder or a bank designated by him is eligible to make investments in India, the Power of Attorney holder may be permitted to operate the account to facilitate such investment. The resident Power of Attorney holder is not allowed to 5. Open a NRE account; 6. Repatriate outside India funds held in the account other than to the account holder himself; 7. Make payment by way of gift to a resident on behalf of the account holder; **8.** Transfer funds from the account to another NRE account.
15.3.9	**Nomination** Nomination is Permitted in favour of resident as well as non - resident
15.3.10	**Loans against the balance in India** Loans against the deposits held in FCNR B account can be granted in India to the account holder or third-party subject to usual norms and margin requirement. The loan would include all types of fund based/ non-fund based facilities. The loan cannot be repatriated outside India and shall be used for the following purposes: d. personal purposes or for carrying on business activities except for the purpose of relending or carrying on agricultural/ plantation activities or for investment in real estate business; e. making direct investment in India on non-repatriation basis by way of contribution to the capital of Indian firms/ companies; f. acquiring flat/ house in India for his own residential use

	In case of loans sanctioned to a third party, there should be no direct or indirect foreign exchange consideration for the non-resident depositor agreeing to pledge his deposits to enable the resident individual/ firm/ company to obtain such facilities. In case of the loan sanctioned to the account holder, it can be repaid either by adjusting the deposits or through inward remittances from outside India through banking channels or out of balances held in the NRO account of the account holder
15.3.11	**Change of residential status of the account holder:** When an account holder becomes a person resident in India, deposits may be allowed to continue till maturity at the contracted rate of interest, if so desired by him. However, except the provisions relating to rate of interest and reserve requirements as applicable to FCNR(B) deposits, for all other purposes such deposits shall be treated as resident deposits from the date of return of the accountholder to India. Bank may convert the FCNR(B) deposits on maturity into resident rupee deposit accounts or RFC account (if the depositor is eligible to open RFC account), at the option of the accountholder and interest on the new deposit (rupee account or RFC account) shall be payable at the relevant rates applicable for such deposits.
15.3.12	**Demise of Account holder** In the event of the demise of an account holder, balances in the account can be transferred to the non-resident nominee of the deceased account holder. However, request from a resident nominee for remittance of funds outside India for meeting the liabilities, if any, of the deceased account holder or for similar other purposes. Such request need to be highlighted to AGM / GM for approval.
15.3.13	**Funds received in other than the designated currency** In case the depositor with any currency other than designated currency desires to place a deposit in these accounts, Bank may undertake with the depositor a fully covered swap in that currency against the desired designated currency. Such a swap may also be done between two designated currencies.
15.3.14	**Printing of FD Advices** Two copies of FD Advices are printed from the system. The FD advices are given to customer against the acknowledgement across the counter or sent through courier and the same is tracked and delivery details filed with the office copy. The Office copy of the FD is filed with the bank record along with customer request letter, fund received documents and delivery details.
15.3.15	**Calculation of interest** Interest is calculated on the basis of 360 days in a year and settlement is as per customer instruction which could be at half yearly or yearly basis.

15.3.16	**Payment of Interest** Interest on balances held in these accounts may be paid half-yearly or on an annual basis as desired by the depositor. Interest may be credited to a new FCNR account or an existing/ new NRE/ NRO account in the name of the account holder, as per his instructions. No Interest is paid if deposit is pre-closed within a year.
15.3.17	**Pre-Payment of Deposit** In case of pre-payment i.e. within in one year no Interest should be paid. This should be advised as condition while opening the account. **Penalties of Pre-payment** Swap cost will be recovered as advised by treasury. This condition should also be advised while opening of account.
15.3.18	**Third Party Remittance** Bank may permit remittance of the maturity proceeds of FCNR (B) deposits to third parties outside India, provided the transaction is specifically authorised by the account holder and the authorised dealer is satisfied about the bona fides of the transaction
15.3.19	**Repatriation of Balance** Balance in the FCNRB account together with interest can be freely repatriated without permission of Reserve Bank

NRO, NRE & FCNR (B) Process Flow



*Transactions in these accounts shall be reported to Reserve Bank in accordance with the directions issued by it from time to time.

Summary of Features of NRO / NRE / FCNR (B) / RFC				
Accounts	**NRE**	**NRO**	**FCNR (B)**	**RFC**
Purpose of account	To park funds remitted from overseas to India	To park funds remitted from overseas to India or funds from Indian sources	To park funds, in foreign currency, remitted from overseas to India	To park funds for returning Indians (for permanent settlement)
Currency	Rupees	Rupees	USD, GBP, EURO, CAD, JPY, AUD	USD, GBP, EURO
Types of account	Savings, Current, Fixed Deposits (TDR/STDR) and RD	Savings, Current, Fixed Deposits (TDR/ STDR) and RD	Fixed Deposits (TDR/STDR)	Fixed Deposits (TDR/ STDR)
Investment Term	Min: 1 Year Max: 10 Years	Min: 7 Days Max: 10 Years	Min: 1 Year Max: 5 Years	Min: 1 Year Max: 3 Years
Joint Holding with	❑ NRIs ❑ Resident Indians on Former or Survivor basis	❑ NRIs ❑ Resident Indians on Former or Survivor basis	❑ NRIs ❑ Resident Indians on Former or Survivor basis	Only with any person who is eligible to open an RFC
Repatriability of Principal	Freely Repatriable	Current income up to USD 1 million (Conditional)	Freely Repatriable	Freely Repatriable
Repatriability of Interest	Freely Repatriable	Freely Repatriable subject to deduction of tax	Freely Repatriable	Freely Repatriable
Taxability in India	Interest income tax free in India	Interest income is taxed as per India Income Tax Rules. Reduced tax under Double Tax Avoidance Agreement	Interest income tax free in India	Interest income tax free in India till account holder's status changes

ELIGIBILITY CONDITIONS FOR OPENING OF RESIDENT INDIAN OR NRI ACCOUNTS				
Account Type / Residential Status	Domestic / Resident Accounts	Non-Resident Ordinary (NRO) Accounts	Non-Resident External (NRE) Accounts	Foreign Currency Non-resident (Bank) {FCNR (B)} Accounts
NRI	Not-permitted	Permitted	Permitted	Permitted
PIO	Not-permitted	Permitted	Permitted	Permitted
OCI	Not-permitted	Permitted	Permitted	Permitted
Foreign Nationals on employment in India	Permitted	Not-permitted	Not-permitted	Not-permitted
Foreign Students studying in India	Not-permitted	Permitted	Not-permitted	Not-permitted
Foreign Tourists on short visit to India	Not-permitted	Permitted	Not-permitted	Not-permitted

MODULE VI: ODI & FDI

OVERSEAS DIRECT INVESTMENT

	Overseas Direct Investment (ODI)
16.1	**Product Synopsis** Overseas Direct Investment (ODI) means investing money abroad by Indian resident by way of contribution to the capital or subscription to the Memorandum of Association of a foreign entity or by way of purchase of existing shares of a foreign entity either by market purchase or private placement or through stock exchange. ODI allows Indian Business Houses to expand its business across the world. Under exchange control regulations in India (FEMA), the RBI requires that such investments are in compliance with certain rules and regulations. 'Master Direction – Direct Investment by Residents in Joint Venture (JV) / Wholly Owned Subsidiary (WOS) Abroad' covers guidelines to be followed for Overseas Direct Investment, capital account transactions. Wholly Owned Subsidiary means a foreign entity formed, registered or incorporated in accordance with laws of host country and where entire capital is held by the Indian party. Joint Venture means a foreign entity formed, registered or incorporated in accordance with laws of host country, in which Indian party holds shares (less than 100%).
16.2	**Direct investment outside India** Investment outside India can be made under 1. Automatic Route 2. Approval Route **Automatic Route** In case of Automatic route, prior approval of RBI is not required, provided certain eligibility criteria is fulfilled. Client should to approach Bank with an application for ODI along with required documents for effecting the remittances towards such investments. Trade officer should note that Companies, which are under the investigation by the Enforcement Directorate or are in the Reserve Bank's caution/defaulters list, are not eligible to make investment under the automatic route **Approval Route** Proposals not covered by the conditions under the automatic route require prior approval of RBI for which a specific application in Form ODI with the documents prescribed therein is required to be made through Bank /Authorized Dealer. The remittance can be made only after RBI approval.
16.3	**Eligible Investor** Following are eligible to make investment abroad in Joint Ventures/ Wholly Owned Subsidiaries. 1. An Indian Party who is

	a. A company incorporated in India; or **b.** A body created under an Act of Parliament: or **c.** A partnership firm registered under the Indian Partnership Act, 1932 **d.** Limited Liability Partnership under LLP act 2008 **e.** Any other entity in India as may be notified by the Reserve Bank 2. Resident Individual 3. Special cases (primarily under approval Route) **a.** Proprietary Firm **b.** Trust / Society **c.** Un-incorporated Entities
16.4	**Financial Commitment** Financial commitment means the amount of direct investments outside India by an Indian Party - I. by way of contribution to equity shares or CCPS of the JV / WOS abroad II. contribution to the JV / WOS as preference shares (for reporting purpose to be treated as loan) III. as loans to its the JV / WOS abroad IV. 100% of the amount of corporate guarantee issued on behalf of its overseas JV/WOS and V. 50% of the amount of performance guarantee issued on behalf of its overseas JV/WOS VI. bank guarantee/standby letter of credit issued by a resident bank on behalf of an overseas JV / WOS of the Indian party, which is backed by a counter guarantee / collateral by the Indian party amount of fund/ non-fund based credit facility availed by creation of charge (pledge / mortgage / hypothecation) on the movable / immovable property or other financial assets of the Indian party / its group companies
16.5	**Operational Process for remittance under ODI** Bank may receive the request from Indian Party/Resident individual for remittance under ODI. Counter staff should acknowledge the receipt of application with date and time stamp. All ODI requests should be referred to AGM / GM and prior approval should be obtained before processing the transaction.
16.5.1	**Scrutiny of the request** Trade officer should scrutinise the application diligently as to investment and documents supporting the application. **Documents required for making Overseas direct investment under Automatic route** The Indian Party intending to make overseas direct investment under the automatic route is required to submit the below:

	1. Application Form ODI 2. certified copy of the Board Resolution, 3. Statutory Auditors certificate, 4. FEMA Declaration, 5. PAN card copies of all directors, 6. CA certificate for Net Worth, 7. 15 CA & CB, 8. Form A-2 and 9. Valuation report In case of partial / full acquisition of an existing foreign company where the investment is more than USD 5million, share valuation of the company to be done by a Category I Merchant Banker registered with the Securities and Exchange Board of India (SEBI) or an Investment Banker/ Merchant Banker outside India registered with the appropriate regulatory authority in the host country and in all other cases by a Chartered Accountant/ Certified Public Accountant.) However, in the case of investment by acquisition of shares where the consideration is to be paid fully or partly by issue of the Indian Party's shares (swap of shares), irrespective of the amount, the valuation has to be done by a Category I Merchant Banker registered with SEBI or an Investment Banker/ Merchant Banker outside India registered with the appropriate regulatory authority in the host country.
16.5.2	**Document requirement for RBI Approval** Trade officer should scrutinise the application from client and check bonafides of transaction before approaching RBI. Bank should submit following documents along with Section D and Section E of From ODI - Part I for approval by RBI 1. A letter from Bank in a sealed cover mentioning the following details: a. Transaction number generated by the OID application b. Brief details of the Indian entity. c. Brief details of the overseas entity. d. Background of the proposal, if any. e. Brief details of the transaction. f. Reason/s for seeking approval mentioning the extant FEMA provisions. g. Observations of the designated bank with respect to the following: i. Prima facie viability of the JV/ WOS outside India; ii. Contribution to external trade and other benefits which will accrue to India through such investment; iii. Financial position and business track record of the IP and the foreign entity; iv. Expertise and experience of the IP in the same or related line of activity of the JV/ WOS outside India.

	h. Recommendations of the designated AD bank. 2. A letter from the Indian Party addressed to the designated bank. 3. Board resolution for the proposed transaction/s. 4. Diagrammatic representation of the organizational structure indicating all the subsidiaries of the Indian Party, horizontally and vertically with their stake (direct & indirect) and status (whether operating company or Special Purpose Vehicle-SPV). **5.** Incorporation certificate and the valuation certificate for the overseas entity (if applicable). **6.** Other relevant documents properly numbered, indexed and flagged. Trade officer should note that RBI would take into consideration following key factor while scrutinizing the application and should ensure that there is sufficient information is provided to RBI; a. Prima facie viability of the JV / WOS outside India; b. Contribution to external trade and other benefits which will accrue to India; c. Financial position and business track record of the Indian Party and the foreign entity; and d. Expertise and experience of the Indian Party in the same or related line of activity as of the JV / WOS outside India. The transaction should be processed only after approval from RBI
16.5.3	**Unique Identification Number** Client should submit Form ODI online and should share a physical copy with Bank for further processing. Trade officer should initiate the processing of transaction only after getting copy of Form ODI, UIN No and all other documents from client.
16.5.4	**Processing of Request** Trade Officer should check that all APRs in respect of all the JV / WOS of Client through Cosmos Bank have been submitted and there is no pending APRs. If the documents are in order and with regulated guidelines, the transaction can be authorised. Every ODI transaction should be approved by AGM / GM. Remittance can be made post authorisation of transaction. One copy of Remittance advice should be shared with client and another should be filed with other documents of ODI application.
16.5.5	**Follow up for APR** Trade officer should follow up with Client for APR and maintain the record / copy of reminders for future reference and audit.
16.6	**Key Guidelines of ODI**
16.6.1	**Maximum Limit under Approval route** Any financial commitment exceeding USD 1 Billion (or its equivalent) in a financial year

	would require prior approval of the RBI Bank even when the total FC of the Indian Party is within the eligible limit under the automatic route i.e., <u>within 400% of the net worth as per the last audited balance sheet.</u>
16.6.2	**Total financial commitment of the Indian Party** The total financial commitment of the Indian Party in all the Joint Ventures / Wholly Owned Subsidiaries shall comprise of the following: a. 100% of the amount of equity shares and/ or Compulsorily Convertible Preference Shares (CCPS); b. 100% of the amount of other preference shares; c. 100% of the amount of loan; d. 100% of the amount of guarantee (other than performance guarantee) issued by the Indian Party; e. 100% of the amount of bank guarantee issued by a resident bank on behalf of JV or WOS of the Indian Party provided the bank guarantee is backed by a counter guarantee / collateral by the Indian Party. f. 50% of the amount of performance guarantee issued by the Indian Party provided that if the outflow on account of invocation of performance guarantee results in the breach of the limit of the financial commitment in force, prior permission of RBI is to be obtained before executing remittance beyond the limit prescribed for the financial commitment.
16.6.3	**Equity Participation** The Indian Party may extend loan / guarantee only to an overseas JV / WOS in which it has equity participation. Trade Officer should ensure that any financial commitment <u>without equity contribution</u> in JV / WOS would need approval from RBI and has to be routed through Approval Route. In such cases. Trade officer should approach RBI for approval only after ensuring that the laws of the host country permit incorporation of a company without equity participation by the Indian Party.
16.6.4	**Guarantee** Indian entities may offer any form of guarantee - corporate or personal provided that: a. All the financial commitments, including all forms of guarantees and creation of charge are within the overall ceiling prescribed for the Indian Party. b. No guarantee should be 'open ended' i.e. the amount and period of the guarantee should be specified upfront. c. In the case of performance guarantee, time specified for the completion of the contract shall be the validity period of the related performance guarantee. Trade Officer should ensure that in cases where invocation of the performance guarantee, client would obtain prior approval of RBI before remitting funds from India. Trade Officer should ensure that all guarantees (including performance guarantees and Bank Guarantees / SBLC) are required to be reported to the Reserve Bank in Form ODI-Part I.

16.6.5	**Caution List** The Indian Party should not be on the Reserve Bank's Exporters' caution list / list of defaulters to the banking / CIBIL) / or any other credit information company as approved by RBI or under investigation by any investigation / enforcement agency or regulatory body.
16.6.6	**Designated Branch for ODI** All transactions relating to a JV / WOS should be routed through one branch of a Bank to be designated by the Indian Party.
16.6.7	**Investment beyond USD 5 Million** In case of partial / full acquisition of an existing foreign company, where the investment is <u>more than USD 5 million</u>, valuation of the shares of the company shall be made by a Category I Merchant Banker registered with SEBI or an Investment Banker / Merchant Banker outside India registered with the appropriate regulatory authority in the host country; and, in all other cases by a Chartered Accountant or a Certified Public Accountant.
16.6.8	**Swap of Shares** In cases of investment by way of swap of shares, irrespective of the amount, valuation of the shares will have to be made by a Category I Merchant Banker registered with SEBI or an Investment Banker outside India registered with the appropriate regulatory authority in the host country. Trade Officer should also ensure theta approval of the Foreign Investment Promotion Board (FIPB) is obtained for investment by swap of shares.
16.6.9	**Investment in Nepal & Bhutan** Investments / financial commitments in Nepal are permitted only in Indian Rupees. Investments / financial commitments in Bhutan are permitted in Indian Rupees as well as in freely convertible currencies.
16.6.10	**FATF Countries** Investments / financial commitments by an Indian Party are not permitted in an overseas entity located in the countries identified by the Financial Action Task Force (FATF) as "NON-co-operative countries and territories" as per list available on FATF website.
16.6.11	**Investments in Pakistan** Investments / financial commitments in Pakistan by Indian Parties are permissible only under the approval route.

16.6.12	**Investment through Special Purpose Vehicle (SPV) under Automatic Route** Investments in JV/WOS abroad through the medium of a Special Purpose Vehicle (SPV) are also permitted under the Automatic Route Trade Officer should ensure the Indian Party is not appearing in the Reserve Bank's caution list or is under investigation by the Directorate of Enforcement or included in the list of defaulters to the banking system circulated by RBI/any other Credit Information company as approved by the Reserve Bank. Indian Parties whose names appear in the defaulters' list require prior approval of RBI for the investment.
16.6.13	**Issue of guarantee to step down subsidiary of JV / WOS** Indian Parties are permitted to issue corporate guarantees on behalf of their first level step down operating JV /WOS set up by their JV / WOS operating as either an operating unit or as a Special Purpose Vehicle (SPV) under the Automatic Route, provided that the financial commitment of the Indian Party is within the extant limit. Trade Officer should ensure that Such guarantees will have to be reported to the Reserve Bank in Form ODI, through Bank Further, the issuance of corporate guarantee on behalf of second generation or subsequent level step down operating subsidiaries will be considered under the Approval Route, provided the Indian Party indirectly holds 51 per cent or more stake in the overseas subsidiary for which such guarantee is intended to be issued Issuance of Guarantee to step down subsidiary would need prior approval of AGM / GM.
16.6.14	**Method of Funding** Investment in an overseas JV / WOS may be funded out of one or more of the following sources: 1. Drawal of foreign exchange from an AD bank in India; 2. Capitalisation of exports; 3. Swap of shares; 4. External Commercial Borrowings (ECBs) / Foreign Currency Convertible Bonds (FCCBs); 5. In exchange of ADRs/GDRs issued in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 19930; 6. Balances held in EEFC account of the Indian Party and 7. Proceeds of foreign currency funds raised through ADR / GDR issues. In respect of (6) and (7) above, the limit of financial commitment vis-à-vis the net worth will not apply.
16.6.15	**Method of Funding for Resident individuals** General permission has been granted to person’s resident in India for purchase/

	acquisition of securities in the following manner: 1. out of funds held in RFC account; 2. as bonus shares on existing holding of foreign currency shares; and **3.** when not permanently resident in India, out of their foreign currency resources outside India
16.6.16	**Capitalisation of exports** Indian Party is permitted to capitalise the payments due from the foreign entity within applicable limits towards; 1. Exports Receivables, 2. Fees, royalties or any other dues from the foreign entity for supply of technical know-how, consultancy, managerial and other services. Capitalisation of export proceeds remaining unrealised beyond the prescribed period of realization will require prior approval of RBI. Indian software exporters are permitted to receive 25% of the value of their exports to an overseas software start-up company in the form of shares without entering into Joint Venture Agreements. However, prior approval of RBI need to be obtained. Trade officer should obtain custom certified copies of Export to be forwarded to RBI with Revised form of ODI. Trade officer should obtain prior approval of AGM /GM before processing any request for capitalisation.
16.6.17	**Investments / Financial commitment in Financial Services Sector** Client may submit the request to make an investment /FC in an entity outside India, which is engaged in the financial sector. Trade officer should ensure that client fulfils the following additional conditions: 1. be registered with the regulatory authority in India for conducting the financial sector activities; 2. has earned net profit during the preceding three financial years from the financial services activities; 3. has obtained approval from the regulatory authorities concerned both in India and abroad for venturing into such financial sector activity; and 4. has fulfilled the prudential norms relating to capital adequacy as prescribed by the concerned regulatory authority in India. Any additional investment by an existing JV/WOS or its step-down subsidiary in the financial services sector is also required to comply with the above conditions. Trade officer should note that trading in commodities exchanges overseas and setting up JV/WOS for trading in overseas exchanges will be treated as financial services activity and require clearance from SEBI. Trade officer should obtain prior approval of AGM /GM before processing any request for Investment in Financial sector.

16.6.18	**Portfolio investments by listed Indian companies** Listed Indian companies are permitted to invest in equity of companies registered overseas / rated debt instruments up to 50 % of its net worth as on the date of the last audited balance sheet in 1. shares and 2. bonds / fixed income securities, rated not below investment grade by accredited / registered credit rating agencies, issued by listed overseas companies.
16.6.19	**Investment in overseas in oil sector under the Automatic Route** Investments / FC in entities overseas in the oil sector (i.e. for exploration and drilling for oil and natural gas, etc.) by Navaratna PSUs, ONGC Videsh Ltd and Oil India Ltd may be permitted without any limit, provided such investments are approved by the competent authority Other Indian companies are also permitted under the Automatic Route to invest in entities overseas in the oil sector up to the limit prescribed provided the proposal has been approved by the competent authority and is duly supported by certified copy of the Board resolution approving such investment. Investment in excess of the prescribed limit shall require prior approval of the Reserve Bank.
16.6.20	**Overseas investments by proprietorship concerns / Unregistered Partnership Firm** ODI is permitted for Proprietorship concern / unregistered partnership firm in India, only under Approval route. Trade officer should ensure that following conditions are complied with before approaching RBI for approval; 1. It is classified as 'Status Holder' as per the Foreign Trade Policy; 2. It has a proven track record, i.e., the export outstanding does not exceed 10% of the average export realisation of the preceding three years and a consistently high export performance; 3. It is KYC (Know Your Customer) compliant, engaged in the proposed business and has turnover as indicated; 4. It has not come under the adverse notice of any Government agency like the Directorate of Enforcement, Central Bureau of Investigation, Income Tax Department, etc. and does not appear in the exporters' caution list of the Reserve Bank or in the list of defaulters to the banking system in India; and 5. The amount of proposed investment / FC does not exceed a. 10% of the average of last three years' export realisation or b. 200 per cent of the net owned funds, whichever is lower.
16.6.21	**Overseas investments by Registered Trusts & Societies** ODI is permitted for Registered Trusts & Societies in India only under Approval route. Trade officer should ensure that following eligibility criterias are met before

	approaching RBI for approval **Trust** 1. The Trust should be registered under the Indian Trust Act, 1882; 2. The Trust deed permits the proposed investment overseas; 3. The proposed investment should be approved by the trustee/s; 4. Trust is KYC (Know Your Customer) compliant and is engaged in a bonafide activity; 5. The Trust has been in existence at least for a period of three years; 6. The Trust has not come under the adverse notice of any Regulatory / Enforcement agency like the Directorate of Enforcement, Central Bureau of Investigation (CBI), etc. **Society** 1. The Society should be registered under the Societies Registration Act, 1860. 2. The Memorandum of Association and rules and regulations permit the Society to make the proposed investment which should also be approved by the governing body / council or a managing / executive committee. 3. Society is KYC (Know Your Customer) compliant and is engaged in a bonafide activity; 4. The Society has been in existence at least for a period of three years; 5. The Society has not come under the adverse notice of any Regulatory / Enforcement agency like the Directorate of Enforcement, CBI etc.
16.6.22	**Post investment changes / additional investment (or financial commitment) in existing JV / WOS** A JV / WOS set up by the Indian Party may diversify its activities / set up step down subsidiary / alter the shareholding pattern in the overseas entity Indian Party should report the details of such decisions to RBI through bank within 30 days of the approval of those decisions by the competent authority of the JV / WOS concerned in terms of local laws of the host country. These details are also needed to be incorporated in the Annual Performance Report (APR - Part II of Form ODI). Trade officer should follow up for APR with client and seek all necessary details for submission to RBI.
16.6.23	**Write-off of capital and receivables** Indian promoters who have set up WOS abroad or have at least 51% stake in an overseas JV, may write off capital (equity / preference shares) or other receivables, such as, loans, royalty, technical knowhow fees and management fees in respect of the JV /WOS, even while such JV /WOS continues to function. **Listed Companies** Listed Indian companies are permitted to write off capital and other receivables up to

	25% of the equity investment in the JV /WOS under the Automatic Route. **Unlisted companies** Unlisted companies are permitted to write off capital and other receivables up to 25% of the equity investment in the JV /WOS under the Approval Route. Trade officer should ensure that the write-off / restructuring would need to be reported to RBI within 30 days of write-off/ restructuring. The write-off / restructuring is subject to the condition that the Indian Party should submit the following documents for scrutiny along with the applications to the Bank under the Automatic as well as the Approval Routes: 1. A certified copy of the balance sheet showing the loss in the overseas WOS/JV set up by the Indian Party; and 2. Projections for the next five years indicating benefit accruing to the Indian company consequent to such write off / restructuring.
16.6.24	**Obligations of Indian Party and Resident Individual** Trade Officer should ensure that an India Party or Resident individuals, which has made direct investment abroad has to follow below guidelines; 1. Receive share certificates or any other document as an evidence of investment in the foreign entity within 6 months from a. from the date of remittance or b. the date on which the amount to be capitalised became due to the Indian Party or c. the date on which the amount due was allowed to be capitalized. RBI approval is required for the period beyond this Period. 2. Repatriate to India, all dues receivable from the foreign entity, like dividend, royalty, technical fees etc., within 60 days of its falling due, or such further period as RBI may permit: and 3. Submit to RBI, every year on or before December 31, an Annual Performance Report (APR) in Part II of Form ODI in respect of each JV or WOS outside India, and other reports or documents as may be prescribed by RBI from time to time. The APR has to be based on the audited annual accounts of the JV/WOS for the preceding year, unless specifically exempted by the Reserve Bank. Trade Officer should monitor the receipt of such documents and satisfy itself about the bonafides of the documents. Bank may not insist on Certification of APRs by the Statutory Auditor or Chartered Accountant for Resident Individuals. Resident Individuals may submit self-certification **Multiple Indian Parties / Resident Indians of one JV/ WOS** In case of multiple Indian Parties / Resident Indians have invested in the same overseas JV / WOS, the obligation to submit APR shall lie with the IP / RI having maximum stake in the JV / WOS. Or Alternatively, all Indian Parties / Resident Indians may mutually agree to assign the

	responsibility for APR submission to a designated entity which may acknowledge its obligation to submit the APR **Un-audited Annual Accounts** Where the law of the host country does not mandatorily require auditing of the books of accounts of JV / WOS, APR may be submitted by the Indian Party based on the un-audited annual accounts of the JV / WOS provided: a. The Statutory Auditors of the Indian Party certify that 'the un-audited annual accounts of the JV / WOS reflect the true and fair picture of the affairs of the JV / WOS' and b. That the un-audited annual accounts of the JV / WOS have been adopted and ratified by the Board of the Indian Party.
16.6.25	**Transfer by way of sale of shares of a JV / WOS** An Indian Party, <u>without prior approval of RBI</u>, may transfer by way of sale to another Indian Party or to a person resident outside India, any share or security held by it in a JV or WOS outside India subject to the following conditions: 1. The sale does not result in any write-off of the investment made. 2. The sale is effected through a stock exchange where the shares of the overseas JV/ WOS are listed; 3. If the shares are not listed on the stock exchange and the shares are disinvested by a private arrangement, the share price is not less than the value certified by a Chartered Accountant / Certified Public Accountant as the fair value of the shares based on the latest audited financial statements of the JV / WOS; 4. The Indian Party does not have any outstanding dues by way of dividend, technical know-how fees, royalty, consultancy, commission or other entitlements and / or export proceeds from the JV or WOS; 5. The overseas concern has been in operation for at least one full year and the Annual Performance Report together with the audited accounts for that year has been submitted to the Reserve Bank; 6. the Indian Party is not under investigation by CBI / DoE/ SEBI / IRDA or any other regulatory authority in India. The Indian Party is required to submit details of such disinvestment through its designated AD category-I bank within 30 days from the date of disinvestment.
16.6.26	**Transfer by way of sale of shares of a JV / WOS involving write-off of the investment** Indian Party may disinvest, without prior approval of the Reserve Bank, in any of the under noted cases where the amount repatriated after disinvestment is less than the original amount invested: 1. in case where the JV / WOS is listed in the overseas stock exchange; 2. in cases where the Indian Party is listed on a stock exchange in India and has a net worth of not less than Rs.100 crore; 3. where the Indian Party is an unlisted company and the investment in the overseas venture does not exceed USD 10 million. and **4.** where the Indian Party is a listed company with net worth of less than Rs.100

	crore but investment (or financial commitment) in an overseas JV/WOS does not exceed USD 10 million. 5. Additional conditions mention above (Transfer by way of sale of shares of a JV / WOS) from 2-6 Trade officer should obtain prior approval of RBI if client does not satisfy above mentioned conditions.
16.6.27	**Pledge of shares of JV/ WOS and Step-Down Subsidiary (SDS)** An Indian Party may create charge, by way of pledge, on the shares of Joint Venture or Wholly Owned Subsidiary (WOS) or Step-Down Subsidiary (SDS) outside India as a security in favour of a Bank or a public financial institution in India or an overseas lender, for availing of fund based or non-fund based facility for itself (i.e. the Indian Party) or for its JV / WOS / SDS whose shares have been pledged, or for any other JV / WOS / SDS of the Indian Party.
16.6.28	**Rollover of guarantees** The renewal / rollover of an existing / original guarantee, which is part of the total financial commitment of the Indian Party will not be treated as a fresh financial commitment. However, Trade officer should ensure that following conditions have been satisfied; 1. The existing / original guarantee was issued in terms of the then prevailing FEMA guidelines; 2. There is no change in the end use of the guarantee, i.e. the facilities availed by the JV / WOS / Step Down Subsidiary; 3. There is no change in any of the terms & conditions, including the amount of the guarantee except the validity period; 4. The reporting of the rolled over guarantee would be done in Form ODI - Part I; and 5. if the Indian Party is under investigation by any investigation / enforcement agency or regulatory body, the concerned agency / body shall be kept informed about the same. However, the above conditions are not met, Trade officer should obtain prior approval of RBI for rollover / renewal of the existing guarantee.
16.6.29	**Overseas Direct Investments by resident individuals** A resident individual (single or in association with another resident individual or with an ‘Indian Party’), may make overseas direct investment in the equity shares and compulsorily convertible preference shares of a Joint Venture (JV) or Wholly Owned Subsidiary (WOS) outside India. The limit of overseas direct investment by the resident individual shall be within the overall limit prescribed by the Reserve Bank of India under the provisions of Liberalised Remittance Scheme, as prescribed by RBI from time to time. Bank may not insist on Certification of APRs by the Statutory Auditor or Chartered

	Accountant for Resident Individuals. Resident Individuals may submit self-certification **Method of Funding for Resident individuals** General permission has been granted to persons resident in India for purchase/ acquisition of securities in the following manner: 1. out of funds held in RFC account; 2. as bonus shares on existing holding of foreign currency shares; and 3. when not permanently resident in India, out of their foreign currency resources outside India,
16.6.30	**Hedging of overseas direct investments** Resident entities having overseas direct investments are permitted to hedge the foreign exchange rate risk arising out of such investments. Banks may offer forward / option contracts services to resident entities who wish to hedge their overseas direct investments (in equity and loan), subject to verification of such exposure. If a hedge becomes naked in part or full owing to shrinking of the market value of the overseas direct investment (or financial commitment), the hedge may continue to the original maturity. Rollovers on the due date are permitted up to the extent of market value as on that date.
16.6.31	**Investments in Foreign Securities**
16.6.31.1	**Acquisition of foreign securities in certain cases** RBI has allowed General permission has been granted to a person Resident Individual a. to acquire foreign securities as a gift from any person resident outside India; b. to acquire shares under cashless Employees Stock Option Programme (ESOP) issued by a company outside India, provided it <u>does not involve any remittance from India</u>; c. to acquire shares by way of inheritance from a person whether resident in or outside India; d. to purchase equity shares offered by a foreign company under its ESOP Schemes, if he is an employee, or, a director of an Indian office or branch of a foreign company, or, of a subsidiary in India of a foreign company, or, an Indian company in which foreign equity holding, either direct or through a holding company/SPV irrespective of the percentage of the direct or indirect equity stake in the Indian company. Bank may allow remittances for purchase of shares by eligible persons under this provision irrespective of the method of operationalization of the scheme i.e. where the shares under the scheme are offered directly by the issuing company or indirectly through a trust / a Special Purpose Vehicle (SPV) / step down subsidiary, provided I. the shares under the ESOP Scheme are offered by the issuing company

	globally on a uniform basis, and II. an Annual Return is submitted by the Indian company to RBI giving details of remittances / beneficiaries, etc.
16.6.31.2	**Sale of Foreign Securities** A person resident in India may transfer by way of sale the shares provided that the proceeds thereof are repatriated immediately on receipt thereof and in any case not later than 90 days from the date of sale of such securities.
16.6.31.3	**Repurchase of shares** Foreign companies are permitted to repurchase the shares issued to residents in India under any ESOP Scheme provided a. the shares were issued in accordance with the Rules / Regulations of FEMA b. the shares are being repurchased in terms of the initial offer document, and **c.** an annual return is submitted through bank giving details of remittances / beneficiaries, etc.
16.6.32	**General permission to acquire Foreign Securities** Residents are permitted to acquire a foreign security, if it represents – 1. Qualification shares for becoming a director of a company outside India to the extent prescribed as per the law of the host country up to limit prescribed in LRS for the resident individuals; 2. Part / full consideration of professional services rendered to the foreign company or in lieu of Director’s remuneration within the overall ceiling under LRS prescribed for the resident individuals at the time of acquisition; 3. Rights shares provided that the rights shares are being issued by virtue of holding shares in accordance with the provisions of law for the time being in force; 4. purchase of shares of a JV / WOS abroad by the employees/directors of Indian promoter company which is engaged in the field of software, the shares so acquired do not exceed 5 per cent of the paid-up capital of the JV / WOS outside India; and after allotment of such shares, the percentage of shares held by the Indian promoter company, together with shares allotted to its employees is not less than the percentage of shares held by the Indian promoter company prior to such allotment; and 5. An Indian company in the knowledge-based sector may allow its resident employees (including working directors) to purchase foreign securities under the ADR/GDR linked stock option schemes.

FOREIGN DIRECT INVESTMENT

<table>
<tr><td>17.1</td><td>Product Synopsis

Foreign direct investment (FDI) is a major source of non-debt financial resource for the economic development of India. It is a critical driver of economic growth supplementing capital, technology and skills. Foreign companies invest directly in fast growing Indian businesses to take benefits of cheap labour and changing business environment of India.

Foreign direct investment (FDI) is an investment made by a non-resident entity / person in business interests in India, in the form of either establishing business operations or acquiring business assets in India, such as ownership or controlling interest.

Foreign investment in India is governed by sub-section (3) of Section 6 of the Foreign Exchange Management Act, 1999 read with <u>Notification No. FEMA 20/2000-RB dated May 3, 2000</u>, as amended from time to time.</td></tr>
<tr><td></td><td></td></tr>
<tr><td>17.2</td><td>Foreign Direct investment in India

A foreign company planning to set up business operations in India has the following options:
➢ As an Incorporated Entity, by incorporating a company under the Companies Act,1956 through
• Joint Ventures; or
• Wholly Owned Subsidiaries

➢ As an Unincorporated Entity, through
• Liaison Office/Representative Office
• Project Office
• Branch Office

Such offices can undertake activities permitted under the Foreign Exchange Management (Establishment in India of branch or office of other place of business) Regulations,2000.

FDI in India can be made under
3. Automatic Route
4. Government Route

Automatic Route

Foreign Investment is allowed under the automatic route without prior approval of the Government or RBI, in all activities/ sectors as specified in the <u>Annex B of Schedule 1 to Notification No. FEMA 20</u>.

In case of Automatic route, prior approval is not required, provided certain eligibility criteria is fulfilled.

Annexure A gives list of activities or items for which automatic route of Reserve Bank for</td></tr>
</table>

	Investment from Persons Resident Outside India is not available. **Government Route** Foreign investment in activities not covered under the automatic route requires prior approval of the Government which are considered by the Foreign Investment Promotion Board (FIPB), Department of Economic Affairs, and Ministry of Finance.
17.3	**Eligibility for Investment in India** A person resident outside India or an entity incorporated outside India, can invest in India as per FDI policy & foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000. Trade officer should note that; 1. A person who is a citizen of or an entity incorporated in Bangladesh/ Pakistan can invest in India only with the prior approval of the FIPB. 2. NRIs, resident in Nepal and Bhutan as well as citizens of Nepal and Bhutan are permitted to invest in shares and convertible debentures of Indian companies on repatriation basis, subject to the condition that the amount of consideration for such investment shall be paid only by way of inward remittance in free foreign exchange through normal banking channels 3. Overseas Corporate Bodies (OCBs) have been de-recognised as a class of investor in India with effect from September 16, 2003. Erstwhile OCBs which are incorporated outside India and are not under adverse notice of the Reserve Bank can make fresh investments under the FDI Scheme as incorporated non-resident entities, with the prior approval of the Government of India if the investment is through the Government Route; and with the prior approval of RBI, if the investment is through the Automatic Route. (However, before making any fresh FDI, an erstwhile OCB should through their AD bank, take a onetime certification from RBI that it is not in the adverse list being maintained with RBI.)
17.4	**Eligible Instruments for receiving FDI** An Indian Company can receive foreign investment by issue of; 1. Equity shares; 2. Fully and mandatorily convertible preference shares, and fully and mandatorily convertible debentures. (The price/ conversion formula of convertible instruments should be determined upfront at the time of issue of the instruments and should not in any case be lower than the fair value worked out, at the time of issuance of such instruments) 3. Partly paid equity shares and warrants issued by an Indian company

	These are "FDI compliant instruments" and can contain an optionality clause subject to a minimum lock-in period of one year or as prescribed for the specific sector, whichever is higher, but without any option or right to exit at an assured price. Non-convertible/ optionally convertible/ partially convertible preference shares issued as on and up to April 30, 2007 and optionally convertible/ partially convertible debentures issued up to June 7, 2007 till their original maturity are treated as FDI compliant instruments. Non-convertible/ optionally convertible/ partially convertible preference shares issued after April 30, 2007 and optionally convertible/ partially convertible debentures issued after June 7, 2007 shall be treated as debt and shall require conforming to External Commercial Borrowings guidelines.
17.5	**Modes of receipt under FDI** Trade officer should ensure that the funds received under FDI should be by way of 1. Inward remittance through normal banking channels. 2. Debit to NRE / FCNR account of a person concerned maintained with bank. 3. Debit to non-interest-bearing Escrow account in Indian Rupees in India which is opened with the approval from bank and is maintained with the AD Category I bank on behalf of residents and non-residents towards payment of share purchase consideration. 4. Conversion of royalty / lump sum / technical know-how fee due for payment or conversion of ECB, shall be treated as consideration for issue of shares 5. Conversion of pre-incorporation/ pre-operative expenses incurred by a non-resident entity up to a limit of five percent of its capital or USD 500,000 whichever is less; 6. Conversion of import payables/ pre-incorporation expenses can be treated as consideration for issue of shares with the approval of FIPB; 7. against any other funds payable to a person resident outside India, the remittance of which does not require the prior approval of the Reserve Bank or the Government of India: and 8. Swap of capital instruments, provided where the Indian investee company is engaged in a Government route sector, prior Government approval shall be required
17.6	**Non – issue of Shares / Convertible debentures within 180 days** Trade officer should ensure that if the shares or convertible debentures are not issued within 180 days from the date of receipt of the inward remittance or date of debit to NRE/ FCNR (B)/ Escrow account, the amount would need to be refunded post approval from RBI. Trade officer should intimate the client in writing if client fails to submit the details of

	proof of allotment. RBI may permit Client to refund/ allot shares for the amount of consideration received towards issue of security if such amount is outstanding beyond the period of 180 days from the date of receipt.
17.7	**Operational Process for FDI** Bank may receive the funds from Non-Resident entity / person towards investment in our client under FDI. Trade officer should ensure to obtain clarification from client who has received these funds about nature of these funds, if not submitted by client earlier. All Remittances / Funds received under FDI should be referred to AGM / GM and prior approval should be obtained before processing the transaction. The funds should be transferred only after submission of explanation in writing, FIPB approval, if applicable, etc. Trade officer should ensure that all regulatory guidelines are followed as mentioned hereinafter for all FDI remittances.
17.8	**Sectors Prohibited for FDI** Foreign investment is prohibited in the following sectors: 1. Lottery Business including Government / private lottery, online lotteries, etc. 2. Gambling and Betting including casinos etc. 3. Chit funds 4. Nidhi company 5. Trading in Transferable Development Rights (TDRs) 6. Real Estate Business or Construction of Farm Houses 7. Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes 8. Activities / sectors not open to private sector investment Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business and Gambling and Betting activities. Trade officer should highlight the case involving these activities to AGM /GM for approval.
17.9	**Portfolio Investments by registered Foreign Portfolio Investors** (FPI) FDI is permitted by FPI registered in accordance with SEBI guidelines. Investment by individual FPIs should be less than 10 per cent of the paid-up capital of the Indian company on a fully diluted basis. The aggregate investment by FPIs should not exceed 24 per cent of the paid-up capital of an Indian Company on a fully diluted basis. The aggregate limit of 24 percent can be increased by the Indian company concerned up to the sectorial cap/ statutory ceiling, as applicable, with the approval of its Board of

	Directors and its General Body through a resolution and a special resolution, respectively.
17.10	**Method of payment and remittance/ credit of sale proceeds in case of transfer of shares between resident and non-resident?** • The sale consideration in respect of the shares purchased by a person resident outside India shall be remitted to India through normal banking channels. • In case the buyer is a Foreign Institutional Investor (FII) / Foreign Portfolio Investor (FPI), payment can be made by debit to its Special Non-Resident Rupee Account. • In case the buyer is an NRI, the payment shall be remitted to India through normal banking channel or by way of debit to his NRE/FCNR (B) accounts. If the shares are acquired on non-repatriation basis by NRI, the consideration can also be paid by debit to his NRO account. • The sale proceeds of shares (net of taxes) sold by a person resident outside India may be remitted outside India. • In case of FII/ FPI the sale proceeds may be credited to its special Non-Resident Rupee Account. • In case of NRI, if the shares sold were held on repatriation basis, the sale proceeds (net of taxes) may be credited to his NRE/ FCNR (B) accounts and if the shares sold were held on non-repatriation basis, the sale proceeds should be credited only to his NRO account subject to payment of taxes. • The sale proceeds of shares (net of taxes) sold by an erstwhile OCB may be remitted outside India directly if the shares were held on repatriation basis and if the shares sold were held on non-repatriation basis, the sale proceeds may be credited to its NRO (Current) Account subject to payment of taxes.
17.11	**Repatribility of Investments and profits earned in India** All foreign investments are repatriable (net of applicable taxes) except in cases where the investment is made or held on non-repatriation basis or where the sectoral condition specifically mentions non-repatriation. Dividends/ profits (net of applicable taxes), on foreign investments, being current income can be remitted outside India through Bank. **However, Trade officer should obtain prior approval of AGM / GM.**

CLIENT REQUEST TEMPLATES

	INDEX	
SR. NO.	**CONTENT**	**PAGE NO**
19	**CLIENT REQUEST TEMPLATES**	
19.1	LETTER TO BANK FOR COLLECTION/DIRECT/NEGOTIATIONS OF EXPORT DOCUMENTS	194
19.2	PRE-SHIPMENT FINANCE REQUEST FORM	197
19.3	POST-SHIPMENT FINANCE REQUEST FORM	198
19.4	IMPORT PAYMENT REQUEST (ADVANCE/ DIRECT/ COLLECTION)	200
19.5	TRADE CREDIT ARRANGEMENT REQUEST FORM (BUYERS CREDIT)	204
19.6	DOCUMENTARY CREDIT APPLICATION FORM	205
19.7	DOCUMENTARY LETTER OF CREDIT TRANSFER FORM	213
19.8	AGENCY COMMISSION REQUEST	215
19.9	EDF WAIVER REQUEST	216
19.10	REDUCTION IN INVOICE REQUEST	217
19.11	EXPORT CLAIMS REQUEST	218
19.12	CALL BACK FORM	219
19.13	EXPORT WRITE OFF REQUEST FORM	220
19.14	SELF WRITE OFF EXPORT BILL	222
19.15	AD BANK WRITE OFF EXPORT BILL	223
19.16	CA CERTIFICATE FOR WRITE OFF EXPORT BILL	224
19.17	EXTENSION OF DUE DATE	226
19.18	REQUEST FOR ISSUANCE OF DELIVERY ORDER	227
19.19	UNDERTAKING FOR ISSUE OF DELIVERY ORDER	228
19.20	UNDERTAKING FOR ISSUANCE OF LOU	229
19.21	DISPOSAL INSTRUCTION FOR HANDLING FOREIGN INWARD REMITTANCE	231
19.22	OUTWARD REMITTANCE UNDER LRS	234
19.25	REQUEST LETTER FOR ARRANGEMENT OF TRADE CREDIT (SUPPLIERS CREDIT)	254
19.26	APPLICATION FOR APPROVAL OF TRADE CREDIT (SUPPLIERS CR)	256

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

Document covering letter cum Declaration from exporter

LETTER TO BANK FOR COLLECTION/DIRECT/NEGOTIATIONS OF EXPORT DOCUMENTS

<table>
<tr><td rowspan="3">Drawer (Exporter)</td><td>Invoice No. &Date</td><td>Exporters Ref:</td></tr>
<tr><td colspan="2">Buyer’s Order no. /LC NO. and Date</td></tr>
<tr><td>Customs No.</td><td>IE Code</td></tr>
<tr><td>Drawee(Consignee)</td><td colspan="2">Consignee (if other than Drawee)</td></tr>
<tr><td>L/C Issuing Bank</td><td colspan="2">ECGC Policy No. & Date</td></tr>
<tr><td>Please Receive the following documents for disposal as per instructions:

Documents **Number**

1. Draft No. & Date Sight Usance

Amount FCY________

2. Invoice No./Date

3. Packing List No. & Date

4. Bill of lading No. & Date/ Original / Non-Negotiable

Air Way Bill No./Date

Post Parcel Receipt No & Date

5. Certificate of Origin No & Date

6. GSP Certificate of Origin No & Date

7. Inspection Certificate No. & Date

8. Insurance Policy/Certificate No & Date

9. Letter of Credit Amount Expiry Date

10. EDF No. & Date

13. Bank Certificate

13. Copy of Declaration to ECGC regarding Shipment

13. Any Other Document</td><td colspan="2">Instructions (Pleas tick as required)

1. Collect

2. Purchase/Discount

3. Despatch documents to Bank/Buyer

Full address with contact details

____

4. Release documents against payment/acceptance

5. Cable advice of non-payment/non-acceptance

6. In case of non-payment/non-acceptance, protest/do not

protest

7. Negotiate documents drawn under LC No.

________________ issued by

8. Credit our A/c No. ________________on realisation of Payment.

9.Advise payment (Part/Full) : Yes/No

If yes, Pl provide Ref. No. _________________dt. ___________ Amount ___________________

10. Deduct charges/collect charges from

____

11. Do not waive charges/ Interest recoverable from</td></tr>
</table>

(Specify)	drawee 12. Collect interest @_______p.a. from _______________till 13. Adjust our packing credit A/C and/or credit the Proceeds to cash credit/current account. **DECLARATION:** I/We declare that the particulars given herein are true and correct and that I/We accept the bank's conditions printed overleaf Date: Authorised Signature with seal

TERMS & CONDITIONS

1. We agree to accept the rate of exchange ruling on the day that the documents are approved by your authorised office and undertake to agree to any consequent adjustment in the rupee equivalent if the proceeds have been credited/paid to us. However, in case of the bills being covered by a specified forward contract shall be binding on us.
2. In case of any discrepancy/discrepancies noticed by the Bank, please treat the documents on collection basis/return the documents to us.
3. Negotiations are undertaken on the understanding that the Bank retains recourse to its customers, not only for the due payment of the bills at the original maturity date as stated in the bills but also for any loss which may be incurred owing to a moratorium or currency restrictions imposed, or to be imposed, in the country of payment. Moreover, negotiations are undertaken only on the terms that the Bank is not liable for loss, damage, or delay however cause, which is not directly due to the negligence or default of its own officers or servants.
4. If the bill which has been purchased/discounted remains unpaid/unaccepted, the amount due on the bills together with interest and other charges may be debited to my/our account or otherwise recovered from me/us.
5. We agree that the Bank shall not be responsible for:
   A. Any act, omission, default, suspension, insolvency or bankruptcy of any correspondent, agent or subagent or
   B. For any delay in remittance or loss in exchange during transmission or in the course of collection.
   C. For loss of any bill of exchange or documents in transit or in the possession of any correspondent agent or sub-agent.
6. Unless otherwise specified, this collection is subject to the uniform rules for the Collection of Commercial Paper, International Chamber of Commerce Brochure No. 522 or ICC Publication No. 600 (Unless otherwise specified, I/We also undertake and agree to pay to the Bank and hereby authorize the Bank to reimburse itself for all commission and collection charges and

   all expenses incurred in the handling of this item if such charges and expenses are not paid by the drawee)

7. We hereby waive notice of dishonour of non-acceptance and non-payment in respect of the same and undertake to reimburse the bill amount, if returned unpaid/not realised, as per Bank rules, with prevailing penal interest and other charges.
8. I/We are aware that ___________ (Name of the country) is an entity against which sanctions by the office of Foreign Assets (OFAC) of USA is in place. We undertake not to hold the Cosmos Co-Operative Bank Ltd responsible for in any manner whatsoever in nature and hold the Cosmos Co-Operative Bank Ltd fully indemnified against all losses and damages that may be caused to us on account of the funds remitted under this transaction being confiscated or blocked or seized by any authority/government/agency.

The declaration-cum-undertaking under Sec 10(5), Chapter III of FEMA, 1999 is as under:

We declare that the captioned transaction does not involve and is not designed for the purpose of any contravention or evasion of the provision of the Foreign Exchange management Act 1999 or any rule, regulations, notification, direction or order issued there under. 'I/We undertake to abide by the provisions of FEMA1999 as amended from time to time, including realization /repatriation of foreign exchange to/from INDIA.

I/We also hereby agree and undertake to give such information/documents as will reasonably satisfy you about this transaction in terms of the above declaration. I/We also understand that if I/We refuse to comply with any such requirement or make only unsatisfactory compliance therewith, the bank shall refuse in writing to undertake the transaction and shall if it has reason to believe that any contravention/evasion is contemplated by me/us report the matter to Reserve Bank of India.

Date:

Place: (Authorised Signature with seal)

Signature Verified

Branch Head / Head Ops

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

PRE-SHIPMENT FINANCE REQUEST FORM

Applicant (Name & Address):	Account No	Customer Ref:
	Currency	Amount
Beneficiary (Name & Address)	Remarks	
Running A/C / Order Based	ECGC Policy No. & Date	
Please Receive the following documents for disposal as per instructions: LC / Order no. and Date	Commodity: Tenor: Last date of Shipment:	

The terms of payment is DP/DA and the amount will be repaid to you by submitting valid export documents to you on or before DD/MM/YYYY and the expected date of shipment is before __________.

The procurement, manufacturing and packing time for the above export order will require ____months. The materials are to be purchased from the market and we would like to issue cheques in favour of parties. We hereby authorise the Bank to freeze the balances in our accounts, in the event of misutilisation of funds, drawn under packing credit Loan without giving any notice to us or to charge commercial rate of interest for the advance.

We solemnly affirm that we have not availed any packing credit loan under this order or Letter of credit from any bank in India and we are enjoying this facility from The Cosmos co-operative Bank Ltd. Only.

We undertake to submit export bill at our responsibility and the goods exported are not falling under negative list of Foreign Trade Policy in existence. We confirm that no letter of credit will be received under the above order, (In the case where letter of credit is expected this para should read as) We undertake to submit letter of credit for the above advance availed from you.

The goods procured from the advance will be located at ______________________________ and we confirm that we maintaining stock register and purchase invoice at the time of submitting the present stock statement.

We confirm that we have obtained Insurance policy with Bank clause.

Pl sanction/disburse us a Packing Credit of Rs. ___________/- against the above orders/LC

Date:

Authorised Signature with seal

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

POST-SHIPMENT FINANCE REQUEST FORM

<table>
<tr><td colspan="3" rowspan="3">Applicant (Name & Address):</td><td colspan="2">Account No</td><td>Customer Ref:</td></tr>
<tr><td colspan="3"></td></tr>
<tr><td colspan="2">Currency</td><td>Amount</td></tr>
<tr><td colspan="3">Beneficiary (Name & Address)</td><td colspan="3">Remarks</td></tr>
<tr><td colspan="3">Bank</td><td colspan="3">ECGC Policy No. & Date</td></tr>
<tr><td colspan="3">To credit our account number</td><td colspan="3"></td></tr>
<tr><td colspan="3">Export Document Details:</td><td colspan="3"></td></tr>
<tr><td>Bank Ref No,</td><td>Invoice No</td><td>Bene. Name,</td><td>Currency</td><td>Amount</td><td>Tenor</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

We confirm that all necessary documents evidencing the transaction as required by you are enclosed herewith and further agree that you are entitled to require us to provide more documents as and when necessary. We have read, understood and acknowledge the Application for Export Post-Shipment Financing Terms and Conditions and fully authorize the Bank to proceed with the provision of the service. Also

1. We are not in the caution list of RBI / ECGC
2. We hold the necessary quota / licence to execute the above shipment.
3. We shall have the relative stocks adequately insured and submit the relative insurance policy made out in the banks name.
4. We are agreeable for commercial rate of interest in case of delay in liquidating the loan within validity of order/ L/c.
5. We have not availed any packing credit against related export order, from your bank or any other bank. In case of availment of packing credit, the amount of purchase /discount should necessarily be credited to the packing credit account.
6. We undertake that, Forward exchange cover in respect of rupee advance given against export, will be booked by the co. whenever considered necessary by Bank.
7. Buyer Wise ECGC cover for the Post shipment Credit will be obtain by the Co.
8. Before purchase/negotiation of the bill, bank is allow to obtain at its discretion opinion report of the overseas Buyer at our cost. If the report is not found satisfactory by bank or Report is not available to the bank, purchase /negotiation of the export bill will be at the sole discretion of the bank.

9. If the export bills which are purchased /Rupee advance given, are not realised on or before due date, Bank is authorised to crystallised the said Bill and recovered as the case may be, as per extant RBI and/or Bank's guidelines.
10. Purchasing or discounting of an export bill drawn on a particular buyer whose another export bill is overdue, will be at the discretion of the bank.
11. We undertake that realisation of proceeds of export bill is our responsibility and the goods exported are not falling under negative list of FTP in existence.

DECLARATION:

I/We declare that the particulars given herein are true and correct and that I/We accept the bank's conditions Above

Date:

Authorised Signature with seal

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

IMPORT ADVANCE/DIRECT/COLLECTION PAYMENT REQUEST FORM

Remitter	Account No	Customer Ref:
	Currency	Amount
Beneficiary	Remarks	
Import Licence No	IEC Coad No	

	Import bill reference number (In case of collection Bill)	
	Is the Beneficiary same as the Overseas Supplier	Y/N *(Strike off whichever is not applicable)*
	Beneficiary's bank account no./IBAN NO./SORT CODE /BSB NO./TRANSIT NO. , Banker's name & address along with swift code	
	Correspondent /Intermediary Bank Details with Swift Code	
	Purpose of remittance (the details to be mentioned in swift message beneficiary's information)	
	Foreign Bank Charges *(Kindly tick whichever is applicable)*	Our Account Beneficiary Account Sharing
	Is the advance import remittance being made for import of capital goods/equipment?	Yes/ No *(Strike off whichever is not applicable*

	Is the remittance being made for merchanting trade transaction? If yes please follow the process for MTT transactions as per import circular	Yes/ No *(Strike off whichever is not applicable*
	Part Payment of the total shipment	Yes/ No *(Strike off whichever is not applicable)*
	Invoice/Contract/Performa No and Date	
	Invoice/Contract/Performa Amount	
	Commodity	
	Harmonised System of Classification*	
	Country of origin of goods*	
	Country from which goods are consigned*	
	Mode of shipment (air, sea post, rail river, transport port, etc.) *	
	Date of shipment (if not known approximate date) *	
	Value date (applicable only if value date in the swift message is to be mentioned other than today)	

Debit Authorisation:

We request you to debit our current/EEFC/ Cash credit account no:___________________________for _______________________and the balance amount to my/our INR Account No. _________________________ along with your charges.

DECLARATION-CUM-UNDERTAKING

Section- A (Import Evidence Declaration) (Tick √ as applicable)

{ } We hereby undertake and declare that the physical import of the said goods into India will be made within six months from the date of remittance and shall furnish the documentary evidence of import within fifteen days from the close of the relevant period. In the event of non-import of goods, the amount of advance remittance shall be repatriated to India or shall be utilised for any other purposes for which release of exchange is permissible under the FEMA 1999 and the Rules or Regulations made there under.

OR

{ } We hereby undertake that we shall submit the documentary evidence of import (i.e. Bill of Entry for home consumption/ courier wrapper/ Postal Appraisal Form/ Customs Assessment Certificate, as applicable) within three months from the date of payment/acceptance of documents.

OR

{ } We enclose the custom stamped Exchange Control Copy of bill of entry/Courier wrapper/ Postal Appraisal Form/ Customs Assessment Certificate as an evidence of import of the said goods.

The goods imported/being imported by us are not covered under Negative list of imports as mentioned in Foreign Trade Policy 2015-2020 and amendments there to till date. We are eligible to import the above mentioned goods under the current Foreign Trade Policy in place. This said goods imported/being imported by us are not restricted for import through specific licensing under the above mentioned policy and amendments.

Section - B (FEMA DECLARATION)-

(Under Section10 (5), Chapter III of The Foreign Exchange Management Act, 1999)

I / We hereby declare that the transaction the details of which are specifically mentioned in the schedule hereunder does not involve, and is not designed for the purpose of any contravention or evasion of the provisions of the aforesaid act of any rule, regulation, notification, direction or order made there under.

I/ We also hereby agree and undertake to give such information/ documents as will reasonably satisfy you about this transaction in terms of the above declaration.

I/ We also understand that if I/ We refuse to comply with any such requirements or make only unsatisfactory compliance therewith, the bank shall refuse in writing to undertake the transaction and shall if it has reason to believe that any contravention /evasion is contemplated by me /us report the matter to Reserve Bank of India.

SCHEDULE: Details of the foreign transaction are given herein this request letter.

Section - C (NNL-Non-Negative List declaration)

We hereby affirm, declare and undertake that: Tick √ as applicable out of below.

The goods imported by us are *(Please select any one):*

[ ] Not covered under prohibited or restricted list and are freely importable as per extant Foreign Trade Policy and amendments there to till date.

[ ] Restricted for import as per the extant Foreign Trade Policy and amendments there to till date and original exchange control copy of the license issued by D.G.F.T. is enclosed herewith.

I/We further declare that the undersigned has/have the authority to sign and submit this application, declaration cum undertaking on behalf of the firm/company.*

Please hand over the original import documents to the bearer of this letter whose signature is attested herewith. *(Applicable in case of DP/Sight documents)*

OFAC Declaration: In this connection, we declare, confirm and undertake that:

i) We are aware that ____________________ (name of the country) is an entity against which sanctions by the Office of Foreign Assets (OFAC) of USA is in place. We undertake not to hold The Cosmos Co-operative Bank Ltd responsible for in any manner whatsoever in nature and hold The Cosmos Co-operative Bank Ltd fully indemnified against all losses and damages that may be caused to us on account of the funds remitted under this transaction being confiscated or blocked or seized by any authority/government/agency.

ii) We further declare that we shall furnish any material information relating to this transaction as required by any authority/government/agency, now or in future. Also we authorize The Cosmos Co-operative Bank Ltd to make available any of the material information pertains our transaction to any authority/agency/entity without referring the matter to us.

**I/We further declare that the undersigned has the authority to give this application, declaration and undertaking on behalf of the firm/company.

DECLARATION:

I/We declare that the particulars given herein are true and correct and that I/We accept the bank's conditions Above

Date:

Authorised Signature with seal

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

TRADE CREDIT ARRANGEMENT REQUEST FORM (BUYERS CREDIT)

<table>
<tr><td rowspan="2">Applicant</td><td>Account No</td><td>Customer Ref:</td></tr>
<tr><td>Currency</td><td>Amount</td></tr>
<tr><td>Beneficiary</td><td colspan="2">Remarks</td></tr>
<tr><td>Financing Bank</td><td colspan="2">IEC Code No:</td></tr>
<tr><td><u>Instructions:</u>
Reference (if applicable)

Bill Reference (if applicable</td><td colspan="2">Bill Payment Date/Draw down date

Tenor (In days)</td></tr>
</table>

We request you to please arrange buyer’s credit/supplier’s credit as per above details:

We are providing below details for underlying transaction required for you to process the transaction (tick where applicable):

- Is this under Cosmos Bank LC / collection, if yes then please enclose acceptance of under LC / Collection bill, in case this is not already submitted and please fill details as required from above as applicable.
- Is this direct remittance to be handled by Cosmos Bank, if yes then please enclose Invoices, BL/AWB, Fema, NNL & BOE and please fill details as required from
- Is this bill handled by other bank, if yes then please enclose NOC from transaction handling bank undertaking to complete Fema regulations related to the documents handled, copies of BL/AWB, invoices and please fill details as required from as applicable
- In case buyer’s credit is arranged by the customer, offer letter from eligible lender quoting regulatory acceptable quote would be required and please fill details as required from as applicable.

We authorize you to please debit our a/c no. Towards your charges (including overdue charges in case of delayed funding) and overseas bank interest/charges & principal amount on the due date.

We further confirm that all details provided are true & correct to the best of our knowledge & this transaction is within the regulatory guidelines prevailing at the time of arrangement.

Enclosures:

1. Form TC. (Applicable for all categories of underlying transaction) – Anex - II
2. Invoices, BL/AWB, Fema, NNL & BOE. (Applicable for category 2)
3. NOC from transaction handling bank, copies of BL/AWB, invoices. (Applicable for category 3)
4. Offer Letter from overseas lender along with other applicable documents (applicable for category 4).

DECLARATION:

I/We declare that the particulars given herein are true and correct and that I/We accept the bank’s conditions Above

Date:

Authorised Signature with seal

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

DOCUMENTARY CREDIT APPLICATION FORM (LC)

(This application should be Stamped/ Franked for Rs.100/- or as per the Stamp Act of the place of issuance of the L/C on / prior to the application date)

APPLICATION CUM UNDERTAKING FOR
ISSUE OF IRREVOCABLE DOCUMENTARY FOREIGN LETTER OF CREDIT

To,

The Manager, Forex Department,

The Cosmos Co-operative BANK LTD,

____________________ Branch

Dear Sir,

I/We request you to establish with your correspondents in _____________(Country) Documentary credit as per details below:

40A: ***	TYPE OF L/C	IRREVOCABLE
31D : ***	DATE & PLACE OF EXPIRY:	
50 : ***	NAME AND ADDRESS OF THE APPLICANT	
59	NAME AND ADDRESS OF THE BENEFICIARY	
32B: ***	CURRENCY & AMOUNT OF CREDIT IN	
39A: #	PERCENTAGE CREDIT AMOUNT	

	TOLERANCE	
39B: #	MAXIMUM CREDIT AMOUNT	
39C:	ADDITIONAL AMOUNTS COVERED (USANCE INTEREST)	
41a : (A/D) ***	CREDIT AVAILABLE WITH	
	CREDIT AVAILABLE BY	☐ ACCEPTANCE ☐DEF PAYMENT ☐ NEGOTIATION ☐SIGHT PAYMENT
42c:	DRAFTS AT	☐ AT SIGHT ☐ _______ DAYS FROM DATE OF SHIPMENT /ACCEPTANCE/DRAFT
42a:	DRAWEE	
43P:	PARTIAL SHIPMENTS	☐ PROHIBITED ☐ PERMITTED
43T:	TRANSHIPMENTS	☐ PROHIBITED ☐ PERMITTED
44A:	SHIPMENT FROM	
44B :	SHIPMENT TO	VIA
44C:	LATEST DATE OF SHIPMENT	
45A:	QUANTITY AND DESCRIPTION OF GOODS (BRIEF DETAILS)	INCOTERMS: CIF / CFR / FOB / ________________ (Strike out which is not applicable)
*******	IMPORT LICENCE/OGL DETAILS	

***	IMPORT EXPORT CODE NO.	
46A:	DOCUMENTS REQUIRED	[ ] SIGNED DRAFTS FOR 100% OF THE INVOICE VALUE. [ ] SIGNED COMMERCIAL INVOICE (S) IN ________ COPIES [ ] FULL SET OF SIGNED "CLEAN" "ON BOARD" OCEAN BILLS OF LADING MADE OUT TO ORDER AND BLANK ENDORSED MARKED FREIGHT PREPAID/FREIGHT PAYABLE AT DESTINATION EVIDENCING SHIPMENT OF MERCHANDISE DESCRIBED ABOVE. BILLS OF LADING MUST STATE FULL NAME AND ADDRESS OF BOTH APPLICANT AND THE COSMOS CO-OPERATIVE BANK LIMITED AS PARTIES TO BE NOTIFIED. OR [ ] AIRWAY BILL (ORIGINAL PLUS THREE COPIES) ISSUED BY AIRLINE OR IT'S AGENT MADE IN THE NAME OF THE COSMOS CO-OPERATIVE BANK LIMITED FOR ACCOUNT APPLICANT EVIDENCING THE CURRENT AIRFREIGHT OF GOODS. AIRWAY BILL SHOULD BE MARKED "FREIGHT PREPAID/TO COLLECT". AIRWAY BILLS MUST STATE FULL NAME AND ADDRESS OF APPLICANT AND THE COSMOS CO-OPERATIVE BANK LIMITED AS PARTIES TO BE NOTIFIED. AIRWAY BILL MUST INDICATE FLIGHT NUMBER AND DATE. [ ] MARINE/AVIATION INSURANCE POLICY OR CERTIFICATE (ORIGINAL PLUS COPY) DATED NOT LATER THAN THE DATE OF BILLS OF LADING/ AIRWAY BILL SIGNED AND ISSUED BY INSURANCE COMPANY MADE TO ORDER AND BLANK ENDORSED IN CURRENCY OF THE CREDIT FOR 130 % OF INVOICE VALUE , COVERING INSTITUTE CARGO CLAUSE (A), WITH EXTENDED COVER FOR TRANSHIPMENT RISKS, IF APPLICABLE, THEFT, PILFERAGE, BREAKAGE AND NON-DELIVERY, INSTITUTE WAR CLAUSE (CARGO) AND INSTITUTE STRIKES CLAUSE (CARGO), INSTITUTE TRANSIT CLAUSES FOR WAREHOUSE TO WAREHOUSE COVER WITH CLAIMS PAYABLE IN INDIA IRRESPECTIVE OF PERCENTAGE. [ ] SIGNED PACKING LIST IN TRIPLICATE [ ] CERTIFICATE OF ORIGIN ISSUED BY CHAMBER OF COMMERCE IN TRILICATE CERTIFYING GOODS OF ________________ ORIGIN. [ ] SHIPPING COMPANY'S OR THEIR AGENT'S CERTIFICATE (IN DUPLICATE) STATING THAT THE CARRYING VESSEL NAMED IN THE BILL OF LADING IS A SEAWORTHY VESSEL, NOT MORE THAN TWENTY-FIVE YEARS OLD, HAS BEEN APPROVED UNDER INSTITUTE CLASSIFICATION CLAUSE (CLASS MAINTAINED EQUIVALENT TO LLOYDS 100 A1) AND HAS BEEN REGISTERED WITH AN APPROVED CLASSIFICATION SOCIETY (CERTIFICATE TO SPECIFY THE NAME OF THE CLASSIFICATION SOCIETY).

		[ ] BENEFICIARY'S CERTIFICATE TO THE EFFECT THAT ONE ADDITIONAL SET OF NON-NEGOTIABLE DOCUMENTS INCLUDING ONE COPY EACH OF INVOICE,AWB/BL,INSURANCE DOCUMENTS IF ANY,CERTIFICATE OF ORIGIN HAS BEEN FORWARDED TO THE APPLICANT BY COURIER AT THE EARLIEST BUT NOT MORE THAN TWO WORKING DAYS AFTER SHIPMENT. (ANY OTHER DOCUMENTS AS MAY BE REQUIRED)
47 A:T	ADDITIONAL CONDITIONS	SEPARATE DRAFT AND INVOICE FOR INTEREST AMOUNT REQUIRED INVOICE SHOULD QUOTE IMPORT LICENCE/OGL REFERENCE AND CERTIFY THAT THE GOODS SUPPLIED ARE AS PER PURCHASE ORDER OF THE APPLICANT. GROSS FOB/CIF/CFR VALUE OF THE GOODS BEFORE DEDUCTION OF AGENT'S COMMISSION, IF ANY, MUST NOT EXCEED THE MAXIMUM CREDIT AMOUNT. ALL DOCUMENTS MUST BE IN ENGLISH ALL DOCUMENTS MUST MENTION OUR L/C NUMBER AND DATE AND THAT THE GOODS ARE FREELY IMPORTABLE UNDER FOREIGN TRADE POLICY 2015-2020 / ARE IMPORTED UNDER LICENSE NUMBER ___________________________(WHICHEVER IS APPLICABLE) DOCUMENTS PRODUCED BY REPROGRAPIC PROCESS/COMPUTERISED CARBON COPIES ARE NOT ACCEPTABLE UNLESS MARKED ORIGINAL AND SIGNED. OTHERS, PLEASE SPECIFY
71 B:	SPECIFY IF ANY CHARGES ARE TO BENEFICIARY'S ACCOUNT	

48:	PERIOD OF PRESENTATION OF DOCUMENTS	WITHIN ________ DAYS FROM THE DATE OF ________________
49: ***	CONFIRMATION INSTRUCTIONS	WITH _________ WITHOUT____________ CHARGES PAYABLE BY ____________________
57a	"ADVISE THROUGH" BANK	
72:	SENDER TO RECEIVER INFORMATION	

***** INDICATES MANDATORY FIELDS**

 # ONLY ONE OF THE FIELDS 39A OR 39B IS TO BE FILLED

I/WE HEREBY DECLARE THAT THE TRANSACTION COVERED UNDER THE CREDIT (THE "TRANSACTION"), DOES NOT INVOLVE, AND IS NOT DESIGNED FOR THE PURPOSE OF ANY CONTRAVENTION OF THE PROVISIONS OF THE FOREIGN EXCHANGE MANAGEMENT ACT 1999 OR OF ANY RULE, REGULATION, NOTIFICATION, DIRECTION OR ORDER MADE THEREUNDER. I/WE ALSO HEREBY AGREE AND UNDERTAKE TO GIVE SUCH INFORMATION/DOCUMENTS AS WILL REASONABLY SATISFY YOU ABOUT THE TRANSACTION IN TERMS OF ABOVE DECLARATION.

WE HEREBY CONFIRM AND CERTIFY THAT:

(A) THE GOODS IMPORTED / BEING IMPORTED BY US UNDER THE CREDIT ARE NOT COVERED UNDER PROHIBITED/NEGATIVE LIST OF IMPORTS AS MENTIONED IN FOREIGN TRADE POLICY 2015-2020 AND AMENDMENTS THERETO TILL DATE.

(B)) THE GOODS IMPORTED / BEING IMPORTED BY US UNDER THE CREDIT ARE NOT COVERED UNDER NEGATIVE LIST OF IMPORTS AS MENTIONED IN FOREIGN TRADE POLICY 2015-2020 AND AMENDMENTS THERETO TILL DATE AND THE ORIGINAL LICENSE ISSUED BY THE DGFT IS ATTACHED HEREWITH.

(STRIKE OUT WHICHEVER IS NOT APPLICABLE)

(C) WE ARE ELIGIBLE TO IMPORT THE ABOVE MENTIONED GOODS UNDER THE CURRENT FOREIGN TRADE POLICY IN PLACE.

(D) THE SAID GOODS IMPORTED / BEING IMPORTED BY US ARE NOT RESTRICTED FOR IMPORT THROUGH SPECIFIC LICENSING UNDER THE ABOVE MENTIONED POLICY AND AMENDMENTS THERETO TILL DATE.

(E) ITC (HS) CLASSIFICATION CODE NO.________________________________

(F) THE CARRYING VESSEL AND THE PORTS FROM/TO WHICH THE GOODS ARE SHIPPED AS MENTIONED IN OUR APPLICATION FORM AND GUARANTEE FOR ISSUE OF IRREVOCABLE DOCUMENTARY LETTER OF CREDIT ARE FREE FROM EMBARGOS AND THAT THERE ARE NO SUBSISTING SANCTIONS IMPOSED ON THE VESSEL/S AND THE PORT/S.

WE ALSO UNDERTAKE TO SUBMIT THE RELATIVE EXCHANGE CONTROL COPY OF THE BILL OF ENTRY / POSTAL WRAPPERS TO YOU IMMEDIATELY AFTER CLEARANCE OF THE SAID GOODS, IN ANY CASE WITHIN 3 MONTHS FROM THE DATE OF REMITTANCE / PAYMENT. FURTHER, WE DECLARE THAT THE ITEMS IMPORTED WILL BE USED / DISPOSED OF AS PER THE PROVISION CONTAINED IN THE POLICY / PROCEDURE. I/WE FURTHER DECLARE THAT THE UNDERSIGNED HAS THE AUTHORITY TO GIVE THE DECLARATIONS, UNDERTAKINGS AND INSTRUCTIONS AS ABOVE, ON BEHALF OF THE COMPANY.

THIS LETTER OF CREDIT IS SUBJECT TO UCPDC 2007 REVISION ICC NO 600 READ ALONG WITH ICC DOCUMENT NO URR725, ISP98 AND ISBP LATEST VERSION.

.

DECLARATION/UNDERTAKING

IN CONSIDERATION OF YOUR OPENING A LETTER OF CREDIT AS ABOVE. I/WE HEREBY UNDERTAKE TO ACCEPT AND PAY IN DUE COURSE ALL DRAFTS DRAWN WITHIN THE TERMS THEREOF, AND/ OR TO TAKE UP AND PAY FOR ALL DOCUMENTS NEGOTIATED THERE UNDER ON PRESENTATION AND IN DEFAULT OF MY/OUR SO DOING YOU MAY SELL THE GOODS BEFORE OR AFTER ARRIVAL AND I/WE UNDERTAKE FORTHWITH ON DEMAND MADE BY YOU IN WRITING TO DEPOSIT WITH YOU SUCH SUM OR SECURITY OR FURTHER SUM OR SECURITY AS YOU MAY FROM TIME TO TIME SPECIFY AS ANY SECURITY FOR THE DUE FULFILLMENT OF OUR OBLIGATIONS HEREUNDER AND ANY SECURITY SO DEPOSITED WITH YOU AS MAY BE SOLD BY YOU ON YOUR GIVING REASONABLE NOTICE OF SALE TO US AND THE SAID SUM OR THE PROCEEDS OF SALE OF THE SECURITY MAY BE APPROPRIATED BY YOU IN OR TOWARDS SATISFACTION OF OUR SAID OBLIGATIONS AND ANY LIABILITY OF OURS ARISING OUT OF THE NON-FULFILLMENT THEREOF.

YOU ARE TO HAVE LIEN ON ALL GOODS, DOCUMENTS AND POLICIES AND PROCEEDS THEREOF FOR ANY OBLIGATIONS OR LIABILITIES PRESENT OR FUTURE INCURRED BY YOU UNDER OR ARISING OUT OF THIS CREDIT.

I/ WE APPROVE OF THE NEGOTIATION OF DRAFTS UNDER THIS CREDIT BEING CONFINED TO YOUR BRANCHES.

WHEREVER, BASED ON REIMBURSEMENT CLAUSE OF LC, THE NEGOTIATING BANK HAS CLAIMED REIMBURSEMENT AND OUR NOSTRO ACCOUNT IS DEBITED BEFORE RECEIPT OF DOCUMENTS/PAYMENTS, WE AGREE TO PAY APPLICABLE INTEREST FROM THE DATE OF NOSTRO DEBIT TILL THE DATE OF PAYMENT OF IMPORT BILL.

THE RELATIVE SHIPPING DOCUMENTS HAVE TO BE SURRENDERED TO ME/US AGAINST PAYMENT /ACCEPTANCE.

IF AT ANY TIME AND FROM TIME TO TIME HEREAFTER AND AT OUR REQUEST YOU ENHANCE THE AMOUNT OF THE LETTER OF CREDIT OR AMEND ANY OF THE TERMS THEREOF (INCLUDING EXTENSION OF THE VALIDITY OF THE CREDIT FOR SHIPMENT AND/OR NEGOTIATION OF DOCUMENTS) ,THEN NOTWITHSTANDING THE AMOUNT AND THE TERMS SPECIFIED IN THIS APPLICATION , OUR GUARANTEE SHALL COVER AND BE DEEMED TO COVER THE ENTIRE AMOUNT OF THE ENHANCED LETTER OF CREDIT ISSUED BY YOU AND OTHER AMENDMENTS EFFECTED THERETO AND OUR LIABILITY WILL BE FOR THE ENTIRE AMOUNT OF THE LETTER OF CREDIT TO BE ENHANCED AND /OR AMENDED AT OUR REQUEST. WE SHALL CONTINUE TO BE BOUND BY ALL OTHER TERMS AND CONDITIONS OF THE APPLICATION AND GUARANTEE NOTWITHSTANDING SUCH ENHANCEMENT OR AMENDMENTS FORM TIME TO TIME AS YOU MAY MAKE AT YOUR REQUEST IN THE VALUE AND TERMS OF THE LETTER OF CREDIT.

WE HEREBY AGREE AND DECLARE THAT IN THE EVENT OF MY/OUR FAILING TO RETIRE THE BILLS DRAWN UNDER L/C ON DUE DATES IN CASE OF USANCE BILLS AND WITHIN 5 BANKING DAYS FROM DATE OF RECEIPT OF DOCUMENTS BY YOU IN CASE OF SIGHT BILLS. YOU SHALL BE AT LIBERTY TO CRYSTALLIZE THE FOREIGN CURRENCY RUPEE LIABILITY THEREUNDER ON THE DUE DATE OR ON THE EXPIRY OF THE 5^{TH} BANKING DAY AS THE CASE MAY BE AND CONTRACT RATE WHICHEVER MAY BE APPLICABLE.

I/ WE UNDERTAKE TO REIMBURSE TO YOU ON DEMAND THE RUPEE EQUIVALENT SO DETERMINED TOGETHER WITH THE INTEREST THEREON AT NORMAL RATE FROM DATE OF NEGOTIATION TO THE DATE OF CRYSTALLIZATION AND THEREAFTER AT PENAL RATE AS APPLICABLE THEREOF.

YOU WOULD BOOK FORWARD CONTRACTS IF, WE DECIDE TO COVER THE FLUCTUATIONS IN THE EXCHANGE RATES. I /WE UNDERTAKE TO BOOK SUCH FORWARD CONTRACTS FORMS PART OF THE ARRANGEMENT BY YOU UNDER THE L/C. IF I/WE BOOK FORWARD CONTRACTS WITH OTHER BANKS AGAINST THIS LETTER OF CREDIT I/WE ARE/AM LIABLE TO PAY TO YOU COMMISSION IN LIEU OF EXCHANGE AS PER THE RATES PRESCRIBED BY THE BANK FROM TIME TO TIME IN ADDITION TO SWAP AND INTEREST FROM THE DATE OF NEGOTIATION AT THE FOREIGN CENTRE TILL THE DATE OF CREDIT OF PROCEEDS IN YOUR NOSTRO ACCOUNT.

IN CASE I /WE DO NOT BOOK THE FORWARD CONTRACT, I/WE UNDERTAKE TO BUY THE RELATIVE FOREIGN EXCHANGE IN CONNECTION WITH RETIREMENT OF BILLS/DOCUMENTS ETC UNDER THE LETTER OF CREDIT FROM YOU AT THE RULING RATE OF EXCHANGE. IN CASE FOREIGN EXCHANGE IN CONNECTION WITH RETIREMENT IS NOT BEING BOUGHT FROM YOU I/WE SHALL PAY COMMISSION IN LIEU OF EXCHANGE IN ADDITION TO SWAP COST AND INTEREST FROM THE DATE OF NEGOTIATION AT THE FOREIGN CENTER TILL THE DATE OF CREDIT OF PROCEEDS IN YOUR NOSTRO ACCOUNT.

WE ALSO AGREE TO PAY ALL COSTS (LEGAL COSTS ON FULL INDEMNITY BASIS) CUSTOMS DUTY, PENALTY, DEMURRAGE, STORAGE CHARGES AND ALL OTHER CHARGES AND EXPENSES WHICH YOU MAY BE PUT TO OR SUFFER OR INCURRED IN CONNECTION WITH THE GOODS AND OR THE DOCUMENTS OF TITLE TO GOODS, COVERED BY THE CREDIT OR IN THE EXERCISE OR ENFORCEMENT OF ANY RIGHT OR POWER HEREBY CONFERRED OR OTHERWISE HOWEVER IN THE PREMISES, AND FURTHER AGREE AND UNDERTAKE TO HOLD YOU SAFE AND HARMLESS AND KEEP YOU INDEMNIFIED AGAINST ANY CLAIM, ACTION, PROCEEDING, LIABILITY OR LOSS WHETHER DUE TO ANY DEFECT OR DISCREPANCY IN THE DOCUMENTS AND/ OR THE GOODS COVERED UNDER THE CREDIT OR OTHERWISE HOWSOEVER.

WE AGREE TO KEEP THE SAID GOODS FURTHER INSURED FROM THE TIME OF EXPIRY OF INSURANCE COVER UNDER THE INITIAL POLICY OR POLICIES OF INSURANCE, AGAINST ALL RISKS WHICH ARE NORMALLY COVERED FOR GOODS OF THE NATURE PURCHASED UNDER THE CREDIT AS ALSO AGAINST SUCH OTHER RISK (S) AS MAY BE REQUIRED BY YOU. UNTIL ALL YOUR DUES IN RESPECT OF THE CREDIT ARE PAID IN FULL, WE AGREE TO PAY TO YOU FORTHWITH MONEYS IF RECEIVED BY US UNDER ANY POLICY OR POLICIES OF INSURANCE AND UNTIL PAYMENT TO YOU OF SUCH INSURANCE MONEYS, I/ WE UNDERTAKE TO HOLD THE SAME IN TRUST FOR YOU.

WE REQUEST YOU TO DEBIT THE CHARGES FOR THIS LETTER OF CREDIT TO OUR CURRENT ACCOUNTT / CC ACCOUNT NO.__________________________________ WITH YOU.

***** I/WE FURTHER DECLARE THAT THE UNDERSIGNED HAS/HAVE THE AUTHORITY TO GIVE THIS APPLICATION, DECLARATION AND UNDERTAKING ON BEHALF OF THE FIRM/COMPANY.

YOURS FAITHFULLY,

DATE:

PLACE:

(SIGNATURE OF THE APPLICANT)

NAME : ______________________________

ADDRESS: ______________________________

____

*****APPLICABLE WHEN THE APPLICATION /DECLARATION /UNDERTAKING IS SIGNED ON BEHALF OF THE FIRM / COMPANY

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

DOCUMENTARY LETTER OF CREDIT TRANSFER FORM (LC)

Applicant (First beneficiary of the Documentary Credit)	Account No	Customer Ref:
	Currency	Amount
Second Beneficiary	Remarks	
IEC Code No:		
Instructions:		
Documentary Credit No.		
Our ref. Number		
Second beneficiary's bank		
Second beneficiary's bank Address		
SWIFT ID / SFMS / Airmail		
The Documentary Credit is to be transferred for (Amount)		
Unit price(s)		
Quantity		
Latest shipment date		
Expiry date*		
Percentage of the insurance cover		
Description of goods (in case of partial transfer)		
Documents must be presented within	____________ days after shipment date.	
Further instructions		

* This date should be brought forward sufficient compared to the expiration of the original Documentary Credit.

We herewith request you to transfer this irrevocable and transferable Documentary Credit in our favour to the second beneficiary under the conditions mentioned above. Please advise the transfer to the second beneficiary.

We request you to please debit the amount and your Charges to our A/c No:

We hereby instruct you to advise the second beneficiary of any amendments to the above Documentary Credit which you may receive.

We shall make available to you without delay after the second beneficiary's drawing under this Documentary Credit and in exchange for the second beneficiary's invoices / draft, our invoice (and if required, our draft) issued in compliance with the terms and conditions of this Documentary Credit and the presented documents, for payment to us of the remaining amount available in our favour.

Should you receive documents or statements in addition to those documents stipulated in the transferred Documentary Credit, we herewith request you to deliver such additional document or statements to us, without your responsibility, together with the substituted invoice without checking them or taking note of their contents.

This order is to be executed in accordance with the "Uniform Customs and Practice of Documentary Credits "issued by the International Chamber of Commerce, Paris, in its latest applicable version, especially those articles which are relevant for the transfer of the Documentary Credit.

DECLARATION:

I/We declare that the particulars given herein are true and correct and that I/We accept the bank's conditions Above

Date:

Authorised Signature with seal

AGENCY COMMISSION REQUEST FORM

<table>
<tr><td rowspan="3">Drawer (Exporter)</td><td>Account No</td><td>Customer Ref:</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td>Currency</td><td>Amount</td></tr>
<tr><td>Beneficiary</td><td colspan="2">Remarks</td></tr>
<tr><td>Bank</td><td colspan="2">IEC Code</td></tr>
<tr><td>Please Receive the following documents for disposal as per instructions:

Bill Ref Number

Shipping Bill No and Date

Date of Shipment</td><td colspan="2">Name of Commodity

Beneficiary's A/C No

Correspondent Bank of Beneficiary's Bank (SWIFT CODE)</td></tr>
</table>

We further undertake that

a) The amount of Commission has been declared on the EDF/SOFTEX form and accepted by customs

b) Commission sought to be remitted is not on export of a canalised item, project Exports or Exports financed under lines of credit extended by Government of India or Exim Bank or exports made by Indian Partners towards equity participation in an overseas joint venture / wholly owned subsidiary.

c) The relative shipment has already been made

d) The export is not under the Rupee Credit Route

e) We request you to please debit the amount and your Charges to our A/c No:

We enclose the following documents

1. Debit Note / Copy of Agency Agreement
2. Copy of EDF/ Shipping Bill
3. Form A2 in Duplicate

DECLARATION:

I/We declare that the particulars given herein are true and correct and that I/We accept the bank's conditions Above

Date:

Authorised Signature with seal

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

EDF WAIVER REQUEST FORM

<table>
<tr><td rowspan="3">Applicant (Name & Address)</td><td>Account No</td><td>Customer Ref:</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td>Currency</td><td>Amount</td></tr>
<tr><td>Beneficiary</td><td colspan="2">Remarks – Beneficiary's A/C No
Correspondent Bank of Beneficiary's Bank (SWIFT CODE)</td></tr>
<tr><td>Please Receive the following documents for disposal as per instructions:

Bill Ref Number

Shipping Bill/Bill of Entry No and Date

Date of Shipment</td><td colspan="2">Name of Commodity

Beneficiary's A/C No

Correspondent Bank of Beneficiary's Bank (SWIFT CODE)</td></tr>
</table>

Purpose:

We further undertake that

f) No remittance outward/inward in the transaction

g) Re-import the goods after the specific purpose is completed (not applicable if export of sample or return/rejection of imported items)

h) Submission of Bill of Entry within 1 month after re-import.

i) Transaction is as per the regulation of FEMA guidelines

j) We request you to please debit the amount and your Charges to our A/c No:

k) Status holder's freely exportable items on free of cost basis for export promotion. It's within 2% of average annual export realisation during preceding three licensing years or Rs. One cores whichever is lower. (excluding Gems and Jewellery, Articles of Gold and precious metals)

l) For export of Pharma products by pharmaceutical companies, the annual limit would be 2% of average annual export realisation during preceding three licensing years.

We enclose the following documents

4. Copy of Agreement/Letter
5. Copy of EDF/ Shipping Bill/Bill of Entry
6. Form A2 in Duplicate

DECLARATION:

I/We declare that the particulars given herein are true and correct and that I/We accept the bank's conditions Above

Date:

Authorised Signature with seal

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

REDUCTION IN INVOICE REQUEST FORM

<table>
<tr><td rowspan="3">Applicant (Name & Address)</td><td>Account No</td><td>Customer Ref:</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td>Currency</td><td>Amount</td></tr>
<tr><td>Please Receive the following documents for disposal as per instructions:

Bill Ref Number

Shipping Bill/Bill of Entry No and Date

Date of Shipment</td><td colspan="2"></td></tr>
<tr><td colspan="3">We are not able to realise the above amount due reasons………………

We further declare that

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) we are not on the exporters' caution list of the Reserve Bank,
d) we not availed export benefit or will surrender proportionate export incentives availed of, if any.
e) the transaction relates to our bill ref.no…….
e) Transaction is as per the regulation of FEMA guidelines
f) We request you to please debit the amount and your Charges to our A/c No:

DECLARATION:

I/We declare that the particulars given herein are true and correct and that I/We accept the bank's conditions Above

Date:

Authorised Signature with seal</td></tr>
</table>

ENCL.

A) Correspondence with overseas Buyer

B) CA certificate certifying Export O/s. is not more than 5 % of Average Annual Realisations during preceding 3 financial Years , If reduction exceeds 25% Of Invoice Value.

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

EXPORT CLAIMS REQUEST FORM

Applicant (Name & Address):	Account No	Customer Ref:
	Currency	Amount
Beneficiary (Name & Address)	Remarks – Beneficiary bank details Bank name, swift code, country and beneficiary account.	
Shipping bill number for export items	Export Bill Ref. No.	

We have fully realised the payment for the above referred bills requesting you to release amount due to quality issue.

We further declare that

a) we are not on the exporters’ caution list of the Reserve Bank,
b) We not availed export benefit or will surrender proportionate export incentives availed of, if any.
c) Transaction is as per the regulation of FEMA guidelines
d) We request you to please debit the amount and your Charges to our A/c No:

DECLARATION:

I/We declare that the particulars given herein are true and correct and that I/We accept the bank’s conditions Above

Date:

Authorised Signature with seal

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

CALL BACK FORM

Branch Name								**Date: -**							
Customer Name															
Account No															

Currency	**Amount**	**Time**

Product Type	
Contact Person	
Phone/Fax Number	

Remarks: -

Contact details as per Bank Record	**Yes**	**No**

	Front Desk	Reviewer	Approver
Officer Name			
Signature			

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

EXPORT WRITE-OFF REQUEST FORM

<table>
<tr><td rowspan="3">Applicant (Name & Address):</td><td>Account No</td><td>Bank Ref No:</td></tr>
<tr><td colspan="2">Status Holder Y / N</td></tr>
<tr><td>Invoice Currency</td><td>Invoice Amount</td></tr>
<tr><td>Buyers` (Name & Address)</td><td colspan="2">Shipping bill number:
Invoice Number:
Invoice Date:
Due Date:</td></tr>
<tr><td>Export procedure Realised in Previous Calendar Year</td><td>Currency</td><td>Amount</td></tr>
</table>

We request you to write off the above-mentioned Invoice(s)

We also confirm that:

1. Invoice(s) is / are outstanding for more than one year,
2. We have followed up with Buyer and have made all efforts to realize the payment. However, the payment is not realised because…. (Tick whichever is applicable)
   - The overseas buyer has been declared insolvent (a certificate from the official liquidator indicating that there is no possibility of recovery of export proceeds should be attached).
   - The overseas buyer is not traceable over a reasonably long period of time.
   - The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country.
   - The unrealized amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization
   - Any other reason………

     ----
3. We have surrendered proportionate export incentives if any, availed in respect of the relative shipments. (Documentary evidence need to be attached)/ We have not availed any export incentive against this invoice
4. We are not under investigation by agencies like, Enforcement Directorate, Directorate of Revenue Intelligence, Central Bureau of Investigation, etc.
5. The outstanding Invoices which are not subject matter of civil / criminal suit.
6. We are not on the exporters' caution list of the Reserve Bank of India

7. The total amount of amount of write off in this year is below 10% of the total export proceeds realized during the previous calendar year. (Specify the amount of write off already done if any with any other bank.)

Bank Name	Buyer Name	Invoice No	Date	Currency	Amount

8. We confirm that we have complied with all the FEMA requirements.

You may debit our Account A/c no……………………………….towards processing charges

Request you please process the above and provide us your confirmation advice to us at the earliest.

DECLARATION:

I/We declare that the particulars given herein are true and correct and that I/We accept the bank's conditions Above

Date:

Authorised Signature with seal

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

Format of Request Letter to be obtained from the Exporter in case of Self-Write-Off
(On letter head of the company)

Date:

The Manager,
COSMOS BANK
________________ Branch.

Sub: Self Write-Off of Export Bill

Dear Sir / Madam,

In accordance with the extant regulatory guidelines we have availed Self Write-off for the below mentioned Export Bills. We hereby request you to write-off these amounts in your records.

(Reason for write off to be stated here)

Bill No.	GR / SDF Nos.	Invoice Nos.	Commodity Exported	Country of Export	Date of Shipment	Invoice Value	Amount Realized	Amount of Write-off	Reason for Write-off

I / We hereby confirm that:

a) The above-mentioned amounts have remained outstanding for more than one year.
b) The bills are not under investigation by agencies like, Enforcement Directorate, Directorate of Revenue Intelligence, Central Bureau of Investigation, etc and the case is not the subject matter of any pending civil or criminal suit.
c) We have surrendered proportionate export incentives in respect of relative shipments and supporting documents are enclosed herewith as proof of surrender.
d) We made efforts to realize our dues from overseas buyer and enclose supporting documentary evidence.
e) The aggregate amount of all write off during the calendar year does not exceed 5 / 10 per cent of the total export proceeds realized by us during the previous calendar year. CA Certificate is attached supporting our claim with appropriate figures. **(5% for non-status holders and 10% for status holders- please select appropriately).**
(Calendar year to be reckoned as January to December).

We declare that the particulars given above are true and correct to the best of our knowledge and belief.

For ______________

Authorized Signatory

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

Format of Request Letter to be obtained from the Exporter for AD Bank write-off

(On letter head of the company)

Date:

The Manager,
COSMOS BANK
________________ Branch

Sub: AD Bank Write-Off of Export Bill

Dear Sir / Madam,

We request you to write-off the unrealized amount for the following Export Bills routed through your Bank.

Bill No.	GR / SDF Nos.	Invoice Nos.	Commodity Exported	Country of Export	Date of Shipment	Invoice Value	Amount Realized	Amount of Write-off	Reason for Write-off

I / We hereby confirm that:

a) The above-mentioned amounts have remained outstanding for more than one year.
b) The bills are not under investigation by agencies like, Enforcement Directorate, Directorate of Revenue Intelligence, Central Bureau of Investigation, etc and the case is not the subject matter of any pending civil or criminal suit.
c) We have surrendered proportionate export incentives in respect of relative shipments and supporting documents are enclosed herewith as proof of surrender.
d) We made efforts to realize our dues from overseas buyer and enclose supporting documentary evidence.
e) The aggregate amount of all AD bank write off during the calendar year does not exceed 10 per cent of the total export proceeds realized by us during the previous calendar year. CA Certificate is attached supporting our claim with appropriate figures **(Calendar year to be reckoned as January to December).**

We declare that the particulars given above are true and correct to the best of our knowledge and belief.

For ______________

Authorized Signatory

(Suggested format of CA certificate)
The Manager,
COSMOS BANK
Branch Name.

Dear Sir,

Appended is the status of export proceeds realized during the previous calendar Year by M/s ……………… **(Client Name).**

- Value of export proceeds realized during (YYYY) previous Calendar Year: (Amount in INR)
- Total amount of write off already availed during the ……………. YYYY (current Calendar Year) (Amount in INR)
- Details & value of Export Bills requested for write off during the ……………… YYYY (current Calendar Year) is as under.

Bank Ref. No.	SB No.	Invoice Number	Invoice Date	Invoice Amount (FCY)	Commodity & Country of Export	Amount requested for Write off in (FCY)	Amount requested for Write off in (INR)
TOTAL							

Reason for write off:
____
(Reason to be stated and supported with documentary evidence)

We hereby certify that MIS M/s (Client Name) is categorized as (Select the correct option (a, b or c)):-

a) **Other than Status Holder Exporter &**qualifies under **self-write** off of unrealized bills threshold of 5% and write off is within eligible limits of export proceeds realized during the previous calendar year as per RBI guidelines.

b) **Exporter qualifies under Write-off" by Authorized Dealer Bank threshold of 10%**and write off is within eligible limits of export proceeds realized during the previous calendar year as per RBI guidelines.

<u>We also certify that:-</u>

- The exporter has not availed any export incentives / have surrendered the proportionate export incentives in respect of the relative shipments.

- We also confirm that the export transactions covered by the invoices are not under any investigation by agencies like, Enforcement Directorate, Directorate of Revenue Intelligence, Central Bureau of Investigation, etc. or other investigation agencies. The relevant amount has remained outstanding for one year or more & the case is not the subject matter of any pending civil or criminal suit.

- We also confirm that the Export is not made to countries with externalization problem i.e where the overseas buyer has deposited the valued of export in local currency, but the amount has not been allowed to be re-patriated by the central banking authorities of the country.

Date: **Chartered Accountants**
Place: (Company stamp & authorized signatures)
Cc: Bank, Branch

Customer Letter for Extension in Due Date

(On letter head of the company)

Date:

To,
COSMOS BANK
____________ Branch

Dear Sir/Madam,

Re: Extension of Due Date - Your Ref No: _________________

We request your good bank to extend the time for realization of subject shipment up to DD/MM/YYYY.

(Reason for extension to be stated here)

In this regard, we declare:

a) That export transactions covered by the invoices are not under investigation by Directorate of Enforcement/CBI or any other investigating agency and the case is not the subject matter of any pending civil or criminal suit.

b) That total Export outstanding does not exceed USD 1 million or 10 per cent of the average export realizations during the preceding 3 financial years (whichever is higher) in support of which we have attached CA Certificate.

c) We confirm that export proceeds will be realized during the extended period.

Please extend the due date accordingly and confirm to us.

Regards

(Authorized Signatory)

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

REQUEST FOR ISSUANCE OF DELIVERY ORDER

Date:

The Manager
COSMOS BANK
Trade Finance

Dear Sir,

Sub: Issuance of Bank Delivery Order
Ref No: Letter of Credit No. _________________________ Dated ____________

Please issue delivery order for goods covered by the following documents in our favour.

1. Airway Bill No. and Date	
2. Airlines / Company's Name	
3. Flight No. and date	
4. Supplier	
5. Consignee and Notify Party	
6. Description of goods	
7. Quantity	
8. Shipping Marks	
9. Goods imported under Import Licence No. ________________ Dated: _________ OR Goods imported under Para __________ Chapter ____ of FTP 2015 – 2020	
10. Invoice No., Date & Amount	

We hereby undertake that:

1. Import documents covering captioned shipment will be routed through your bank. (In case where Import is not under LC)
2. We authorize bank to debit our account no _______________________ with the rupee equivalent of the value stated in the related invoice. (In case of DP documents).
3. We hereby undertake to accept / pay the documents on presentation irrespective of any discrepancies in the documents.
4. We also agree that the acceptance of the deposit by the bank does not constitute a contract for a sale of exchange and the relative bill will eventually be retired at the rate of exchange ruling on the actual date of retirement of the bill the contracted rate.

Yours faithfully,

100 Rs. Stamp paper
To,
COSMOS BANK

Dear Sir,

Sub: Undertaking in connection with Delivery of Documents / Issue of Delivery Order

Ref: Letter of Credit No: Dated:

Covering Import Consignment of ____
Through Airway Bill No _____________ dated _______________ Flight No __________________
Dated ______________ from ______________________ to _____________________________

Drawer Invoice no. _____________ dated _______________ For US$ ________
In consideration of your having at our request agreed to release to us the documents negotiated under the captioned letter of credit and/or to issue the Delivery order in respect of the goods imported under the said letter of credit, we undertake and agree with you, your successors and assigns as follows: -

a) We hereby authorize you to accept on our behalf, the documents negotiated under the captioned letter of credit and to effect payment there under to the beneficiary on due date, and we hereby unconditionally undertake to take delivery of and to accept such documents irrespective of any discrepancies therein.

b) We shall at least 4 working days before the due date of maturity of the bill drawn under the captioned letter of credit, provide you with sufficient funds for due payment thereof.

c) In the event of our failing to pay you the amount of the said bill of exchange before the time specified hereinabove, we shall pay the amount due to you hereunder on demand with further interest thereon at ____p. a. from the date on which you pay until the repayment by us. This provision will not however entitle us to delay payment of the amount of the bill at the time provided in sub-clause (b) above.

d) We shall pay you on demand such sum or sums of money as you may pay in connection with the said usance bill with interest thereon at our CC A/c rate from the date on which you so pay until repayment by us. The reasonableness or propriety of any such payment shall not be questioned by us and shall be binding on us.

e) We shall keep you fully indemnified and save harmless in respect of the said usance bill and the obligation and liability undertaken or incurred by you (whether directly or indirectly) thereunder.

f) We shall pay to you on demand all costs charges and expenses (the legal cost between the attorney and client) paid or incurred by you, in any way concerning the said usance bill by us and concerning the exercise of your rights under this counter guarantee.
g) This agreement shall be binding on us and our successors and assigns
Thanking you.
Yours truly,

For Authorised Signatory
Date:

100 Rs. Stamp paper

UNDERTAKING FOR ISSUANCE OF LOU

(To be obtained on client's letter head for issuance of LOU)

Date:

The Manager
Cosmos Bank

____

Dear Sir,

Reg: Buyers Credit for ______ __________________

Refer Imports from our supplier / Beneficiary: M/s---------------------------- (hereinafter referred to as Beneficiary)

As per the imports / arrangement, we are liable to pay ----------------------- to the Beneficiary. To meet our payment obligations to the Beneficiary on the due date of the bill, we have requested _______Bank to arrange/provide buyer's credit for the Principal Amount of ------------------- for a tenor of ------------------

In consideration of your Bank arranging / providing buyer's credit on the above terms, we hereby irrevocably and unconditionally undertake to repay the above-mentioned principal amount and accrued interest thereon at Applicable LIBOR plus ____ basis points per annum (P+I) on maturity date by funding our current account with Cosmos BANK and also hereby authorize the Bank to debit the same. In the event of any delay or failure on our part to fund our Current / CC account to the satisfaction of Cosmos BANK on the maturity date, we hereby recognize and confirm that amount payable along with other charges/expenses and the bank has a right to recover the same from us with applicable default interest etc. We also authorize Bank to track our liability under this by marking against our LC limit / Buyers credit limit to that extent and debiting our current account for commission. And other charges as applicable.

All interest (including default interest) shall be calculated for actual number of days elapsed and on the basis of a year of 360 days.

We irrevocably undertake that all payment undertaking cum indemnity will be made without any deduction or withholding for or on account of any present or future tax, levy, import duty, charges, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under the ECB or this document or relating to this transaction (any "Tax") unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority. If we are required to deduct or withhold, then we will (i) promptly notify the Bank of such requirement; (ii) pay to the relevant authorities the full amount required to be deducted or withheld; (iii) promptly forward to the Bank an official receipt (or a certified copy), or Other documentation reasonably acceptable to the Bank evidencing such payment to such authorities; and (iv) pay to the Bank, in addition to the payment to which the bank is otherwise entitled under this document, such additional amount as is necessary to ensure that the net amount actually received by the Bank (free and clear of any Taxes, whether assessed against the Guarantor or the

Bank) will equal the full amount the Bank would have received had no such deduction or withholding been required.

Each payment under this undertaking cum Indemnity will be made in the relevant currency specified above for that payment (the “Contractual Currency”). To the extent permitted by applicable law, any obligation to make payments under this Undertaking cum Indemnity in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the Bank, acting in a reasonable manner and in good faith in converting the currency so tendered in to the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this letter of Undertaking Cum Indemnity. If for any reason the amount in the Contractual Currency so received fall short of amount in the Contractual Currency payable in respect of this Undertaking Cum Indemnity, we will, immediately pay such additional amount in the Contractual Currency along with applicable costs as may be necessary to compensate for the shortfall.

We hereby further irrevocably and unconditionally undertake to pay and indemnify Cosmos BANK Ltd. on demand the principal amount and interest thereon and/or the amount of any losses, costs or damages (including any default interest that the Lender may charge on any overdue amounts whether before or after judgment) that Cosmos BANK , may suffer or incur in the event that the designated account is not credited with the requisite amounts on the maturity date, regardless of the reason(s) therefore, we further undertake and indemnify Cosmos Bank from all loss, legal claims, disputes, legal costs, expenses etc., pertaining to this transaction.

We confirm that the transaction under the ECB/trade credit is confide commercial trade related transaction and the necessary approvals have been obtained from the legal and regulatory authorities and that all regulatory guidelines in force have been complied with.

This undertaking cum indemnity is governed by the Laws of India and we hereby irrevocably submit to the exclusive jurisdiction to the courts/tribunals of India.

Regards,

Yours faithfully
For ----------------------------

Authorised Signatory

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

Disposal Instruction for Handling Foreign Inward Remittances

To,
The Manager,

Forex Department,
The Cosmos Co-operative Bank Ltd.
_____________________ Branch

For office use only	
Txn Ref No	
FCY Amt	
TR Rate	
TR ref no	
In INR	
Conv Tax	

Dear Sir/Madam;

I/We authorize you to credit all the foreign inward remittances received in my/our favour, as per the below mentioned details:

1. Utility of the Disposal Instruction (Strike out whichever is not applicable)	☐ Standing Instruction ☐ Transaction-specific instruction in which case Name and Address of the remitter shall be provided: ____ ____ ____ ____ ____________
2. FCY Amount	
3. Conversion details (Strike out whichever is not applicable)	☐ Convert 100% into INR and credit my/our a/c no________________________. ☐ Convert ___% into INR and credit my/our a/c no.________________________. Balance ___% to be credited to my/our EEFC a/c no.___________________________ ☐ Credit 100% amount to my/our EEFC a/c no.______________________________
4. INR a/c no. for deduction of Bank's charges along with applicable Service Tax	
5. RBI Purpose Code (e.g. P0103 - Advance receipts against export contracts)	☐ Purpose Description: ☐ Purpose Code :
6. If the remittance is advance against export, a. Expected Date of Shipment (from the date of inward remittance): b. Line of activity:	☐ within 3 months ☐ within 6 months ☐ within 13 months (to be commensurate with the line of activity) ☐ above 13 months (Relevant additional provisions of RBI shall apply) ____________________________________

c. Commodity/Service dealt with:	___________________________________
7. Generation of eFIRC	Upon subsequent written request.

This Disposal Instruction being a standing instruction, I/we confirm that purpose of all my/our inward remittances will be as above. Further, the above instruction will remain valid for all future inward remittances till the Bank receives written instruction to the contrary to the given above. Bank will not be held liable for any delay in crediting the inward remittance due to delay in providing above details.

I/We enclose herewith underlying documents/contracts/invoices as applicable.

Declarations by the customer

In respect of advance against exports, I/we undertake that I/we am/are under an obligation to ensure that the shipment of goods is made within one year from the date of receipt of advance payment. In the event my/our inability to make the shipment partly or fully within one year from the date of receipt of advance payment, no remittance towards refund of unutilized portion of advance payment or towards payment of interest, shall be made after the expiry of the said period of one year, without the prior approval of the Reserve Bank. The documents covering the shipment will be submitted to The Cosmos Co-operative Bank Ltd. within 21 days from the date of shipment.

Further, I/we declare that the transaction does not involve payment from/to a Third Party. If the transaction involves payment from/to a Third party, I/we undertake to comply with the extant guidelines from RBI / the Bank in this regard. In respect of Merchanting Trade, I/we declare to abide by the extant guidelines of RBI.

Applicable for cases attracting provisions of FCRA:

- ☐ I/we have been allotted FCRA registration number ____________________ by Ministry of Home Affairs (copy enclosed). I/we declare that the foreign contribution (remittance) received is not pertaining to election, correspondent, columnist, cartoonist, editor, owner, printer or publisher of a registered newspaper, judges, government servants or employees of any corporation, members of any legislature, political party or office bearer thereof.

OFAC Declaration: In this connection, we declare, confirm and undertake that:

I/We also declare that the transaction does not have linkage with any specially Designated Nationals and Blocked persons (SDN)/Countries listed under OFAC in any manner. If the transaction involves linkage with any specially Designated Nationals and Blocked persons (SDN) /Countries listed under OFAC in any manner, I/We undertake not to hold Cosmos co-operative Bank Ltd. Responsible for any of its action or inaction in respect of the OFAC linked transaction.

Further I/We declare that the transaction does not involve payment from/to a Third party, if the transaction involves payment from/To a third party. I/We undertake to comply with the extant guidelines from RBI/the Bank in this regard.

In respect of Merchating Trade, I/We declare to abide by the extant guidelines of RBI

The declaration-cum-undertaking under Sec 10(5), Chapter III of FEMA, 1999

I/We hereby declare that the transaction details of which are mentioned above does not involve, and is not designed for the purpose of any contravention or evasion of the provisions of the aforesaid Act or of any rule, regulation, notification, direction or order made thereunder. I/We also hereby agree and undertake to give such information / documents as will reasonably satisfy you about this transaction in terms of the above declaration. I/We also undertake that if I/we refuse to comply with any such requirement or make only unsatisfactory compliance therewith, the Bank shall refuse in writing to undertake the transaction and shall if it has reason to believe that any contravention / evasion is contemplated by me / us report the matter to RBI. I/We further declare that the undersigned has the authority to give this application, declaration and undertaking on behalf of the firm/company.

Thanking you.

Yours faithfully,

(Signature of the applicant)

Name**:**

____

Date :_________________ Address: ____

Place :_________________ I. E. Code :______________________________________

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

APPLICATION CUM FORM A2 FOR TRANSACTIONS UNDER LIBERALISED REMITTANCE SCHEME

To

The Manager,

COSMOS CO-OP BANK LTD.

Sub: Application of drawl of Foreign Exchange.

A. Details of the Applicant

Name of the Applicant	
Applicant's Customer ID	
Address	
Applicant Email ID and contact number	
PAN NO. (Mandatory)	
AADHAR CARD NO.	

B. Details of drawl of Foreign Exchange:

I/We request you to issue (Tick _/ the appropriate box)

Swift	
Demand Draft	
Foreign Currency Notes	

Fill-up either II a or II b

II a. For remittance of fixed amount of foreign currency

Foreign Currency	
FC Amount in figures	
FC Amount in words	

OR

II b. For remittance of equivalent of foreign currency of Fixed Rupee Amount

Foreign Currency	
INR Amount in figures	
INR Amount in words	

II C. Purpose of remittance with Purpose code (For details refer Annexure II)

Purpose Code	Purpose Description

II d. Source of Funds

Source of Funds (Description)	

II E . List of close relatives as per Sec VI of companies Act (for Information)

Father/Step Father	Son's Wife	Member of HUF	Husband or Wife
Mother/Step Mother	Daughter	Daughter's Husband	Sister /Step Sister
Brother/Step Brother	Son/Step Son		

C . Beneficiary Details.

Beneficiary Name	
Beneficiary Address	
Beneficiary Account No.	
Beneficiary Bank Address Including country.	
Beneficiary's Bank's	SWIFT CODE ** ** Mandatory for all remittances SORT CODE______________ IBAN NO. * ________________________

	*Mandatory for remittances to Middle-East countries and Europe.
Intermediary Bank Details (if Applicable)	SWIFT code **____________________ Intermediary Bank Name (if any)
Correspondent Bank Charges borne by (Select any one)	( ) Beneficiary BEN ( ) Applicant OUR ( ) Sharing SHA

I/We authorize you to debit my/our EEFC Account No. _____________________ For (currency)______________(amount)__________________ and debit my/Our Saving/Current Account No. _______________ For (currency) ____________(amount)________________for the balance amount and charges from ____________________account.

The declaration-cum-undertaking under Sec 10(5), Chapter III of FEMA, 1999

I/We hereby declare that the transaction details of which are mentioned above does not involve, and is not designed for the purpose of any contravention or evasion of the provisions of the aforesaid Act or of any rule, regulation, notification, direction or order made thereunder.

I/We also undertake that if I/we refuse to comply with any such requirement or make only unsatisfactory compliance therewith, the Bank shall refuse in writing to undertake the transaction and shall if it has reason to believe that any contravention / evasion is contemplated by me / us report the matter to RBI.

I/We also hereby agree and undertake to give such information / documents as will reasonably satisfy you about this transaction in terms of the above declaration.

Declaration under Liberalized Remittance Scheme.

1. The total amount of foreign Exchange Purchased from or remitted through , all sources in India , during this financial year including this application is within USD 2,50,000 (USD Two Lakh Fifty Thousand Only) of the Liberalised Remittance scheme Prescribed by the Reserve Bank of India.
2. I/We hereby certify that the source of funds for making the said remittance belongs to me and the foreign exchange will not be used for prohibited purposes.
3. I am a person resident in India. I am not a foreign National/NRI/PIO.
4. I/We have not availed any loan /Credit /Borrowings for remitting under Liberalised Remittance Scheme for capital account transaction.

5. I/We undertake to make all capital account transactions under LRS through Cosmos Bank only. Also, I/We have not clubbed remittance amount with any of my/our family members.
6. The remittance is not being requested for any transaction not permissible under FEMA and those in the nature of remittance for margin calls to overseas exchanges/overseas counterparty are not allowed under the scheme.
7. The remittance is not being sent directly or indirectly to Bhutan and Nepal or countries identified by Financial Action Task Force (FATF) as non-co-operative countries and territories as available on FATF website www.fatf-gafi.org. or as notified by the Reserve Bank.
8. I/We also declare that the transaction does not have linkage with any specially Designated Nationals and Blocked Persons (SDN)/countries listed under OFAC in any manner, I/We undertake not to hold Cosmos co-op. Bank Ltd. responsible for any of its action or inaction in respect of the OFAC – linked transactions.

☐

Please tick the check-box if the remittance is made under purpose of Investment in shares (Applicable for residents only)

I/We accordingly confirm as under

This remittance is towards Investment in Equity and not for trading in forex or any other margin-based trading or any other purpose prohibited as per the terms and conditions of the Liberalised Remittance scheme for resident Individuals.

That the Investment is in the shares of an existing company and is not intended to create a Joint venture or Wholly Owned Subsidiary outside India.

I/We also confirm that the remittance is towards purchase of shares of a foreign company and not in the shares of an Indian company.

Yours faithfully,

Authorised signatory/Natural Guardia of the Applicant.

Date:

For office Use, to be filled by Cosmos Bank Official:

To be continue.

Certificate by the Authorised Dealer.

This is to certify that the remittance is not being made by/to ineligible entities that the remittance is in conformity with the instructions issued by the Reserve Bank from time to time under the Scheme.

Name and designation of the authorized official: ________________________________

Signature: _____________________________

Stamp and Seal:

Date and Place : __________________________

Annexure II

Sr No	Items under LRS	Corresponding FETERS purpose codes, if transaction is identified under LRS
1	Opening of foreign currency account abroad with a bank under LRS	S0023
2	Purchase of immovable property	S0005
3	Indian Portfolio Investment abroad-In Equity shares	S0001
4	Indian Portfolio Investment abroad-In Debt Instruments	S0002
5	Indian Direct Invesment abroad (branches & Wholly owned subsidiaries) in equity shares.	S0003
6	Indian Direct Invesment abroad (branches & Wholly owned subsidiaries) in debt shares	S0004
7	Payments made on account of sale of share under Employee stock option	S0021
8	Investment in Indian Depositories Receipts	S0022
9	Gift	S1302
10	Donations	S1303
11	Travel (business, pilgrimage, medical treatment, education, employment, personal)	S0301,
12	Travel for Pilgrimage	S0303
13	Travel for Medical treatment	S0304
14	Travel for education (including fees, hostel expenses etc)	S0305
15	Other travel (including holiday trips and payments for settling international credit cards transactions.)	S0306
16	Maintenance of close relatives	S1301
17	Medical Treatment	S1108
18	Studies abroad	S1107
19	Emigration	S1307
20	Loans extended to Non-Resident (close relatives)	S0011
21	Other General Insurance premium including reinsurance premium and term life insurance premium.	S0603

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

APPLICATION FORM FOR OUTWARD REMITTANCE FROM NRO ACCOUNT

To

The Manager,

COSMOS CO-OP BANK LTD.

I/We ____{Name of account holder (s)}request you to debit my/Our NRO savings bank/NRO time deposit bearing account No. ___________________________and transfer it to my /our overseas beneficiary through SWIFT mechanism, as per details given below

Purpose of Remittance	
Remitter Name	
Remitter Address	
Nationality	
Tel./Mobile	
Country of Travelling/Remittance	
Passport Number	
Date and place of issue	
FCY Currency Type	
FCY Amount	
FCY Amount in words	
Beneficiary's Name	
Beneficiary's Address	
Beneficiary's Account Number	
Beneficiary's Bank Name	
Beneficiary's Bank Branch Name	
Beneficiary's Bank Branch SWIFT	

code	
Beneficiary's bank's correspondent Bank's Name	
Beneficiary's Bank's Correspondent Bank's SWIFT code	
Foreign Bank charges to be borne by	SELF/BENEFICIARY/SHARE

I/We hereby confirm that the remittance falls under one of the three categories mentioned below, read in conjunction with TABLE A as per CBDT notification No. 67/2013 [F.NO. 149/119/2012-SO(TPL)]/SO 2659(E) , DATED 02ND September 2013 . The relevant documents are being enclosed herewith.

Please tick one	Nature /Purpose of remittance	Documents to be submitted (All mandatory)
	If purpose of remittance is as per the list of 28 purposes mentioned in Table A (Please also tick corresponding option in Table A). Purpose code __________ (Pl specify)	Any one of the flowing i. Certificate from Chartered Accountant that fund in NRO accounts are tax compliant(i.e. post TDS or tax provided /paid for) ii. Any other documentary evidence to this effect to the satisfaction of the bank.
	• If purpose of remittance is other than the purpose mentioned in Table A & • Amount of transfer request is less than INR 50000/- & • Aggregate of such transfers during the current financial year does not exceed INR 2,50,000/-	a. Part A of Form No. 15CA b. Any one of the flowing i. Certificate from Chartered Accountant that fund in NRO accounts are tax compliant(i.e. post TDS or tax provided /paid for) ii. Any other documentary evidence to this effect to the satisfaction of the bank.
	For all other cases, not covered by above two scenarios.	a.Part A and Part B of Form No.15CA b. Any one of the following: i. Form 15CB from a Chartered Accountant. ii. A certificate from the Assessing officer under section 197

		iii. An order from the Assessing officer under sub-section (2) or sub-section (3) of section 195.

Declaration cum Undertakings:

1. I/We declare that during the current financial year, the total funds (including this transfer request) repatriated by me/us is within the stipulated ceiling of USD 1,000,000 (USD One Million) the annual limit of my/our current income or from balances held in my NRO account arising from my legitimate receivables in India and not by borrowing from any other person or a transfer from any other NRO account for the current financial year prescribed by Reserve Bank of India under FEMA for the said purpose.

2. I /We declare that this transaction(s) does not involve and is not designed for the purpose of any contravention or evasion of the provisions of the FEMA 1999 or of any rule regulation, notification, direction or order made thereunder. I/We also hereby agree and undertake to give such information/documents before the Bank undertakes the transaction(s) and as may be required from time to time as will reasonable satisfy you about the transaction(s) in terms of the declaration. I/We also understand that if I/We refuse to comply with any such requirement or make unsatisfactory compliance therewith, the Bank shall refuse in writing to undertake the transaction and shall if it has reason to believe that any contravention/evasion is contemplated by me/us may report the matter to the Reserve Bank of India.

3. I/We declare that this transaction(s) does not violate any provisions of Indian Income-Tax, Act 1961 and also no information has been concealed by me/us. Further, I/We shall undertake to indemnify Cosmos Co-Operative bank Ltd. for any tax /interest or penalty levied by the Income-tax /Income tax Appellate Authorities/Courts in India for non-deduction of tax or non-compliance with the relevant provisions of Income tax law in regards to this transaction(s).

4. I have read, understood and agree to abide by the terms and conditions relating to service requested by me/us, as may be in force from time to time. Please debit my/our account for the serve related charges.

Date: ______________

Place: _______________ Signature of 1st Applicant Signature of 2nd Applicant.

Annex I: Purpose Codes for Reporting under FETERS

A. Payment Purposes (for use in BOP file)

Gr. No.	Purpose Group Name	Purpose Code	Description
	Foreign Direct Investments	S0003	Indian Direct investment abroad (in branches & wholly owned subsidiaries) in equity Shares
		S0004	Indian Direct investment abroad (in subsidiaries and associate~~s)~~ in debt instruments
		S0005	Indian investment abroad – in real estate
	Foreign Portfolio Investments	S0001	Indian Portfolio investment abroad – in equity shares
		S0002	Indian Portfolio investment abroad – in debt instruments
	External Commercial Borrowings	S0011	Loans extended to Non-Residents
	Operating exp. Of transport companies.	S0202	Payment for operating expenses of Indian shipping companies operating abroad
		S0208	Operating expenses of Indian Airlines companies operating abroad
		S0212	Booking of passages abroad – Airlines companies
2	Travel	S0301	Business travel.
		S0302	Travel under basic travel quota (BTQ)
		S0304	Travel for medical treatment
		S0303	Travel for pilgrimage
		S0305	Travel for education (including fees, hostel expenses etc,)
3	Construction Services	S0501	Construction of projects abroad by Indian companies including import of goods at project site abroad
		S0602	Freight insurance – relating to import & export of goods

		S1011	Payments for maintenance of offices abroad
10	Govt. not included elsewhere	S1201	Maintenance of Indian embassies abroad
		S1202	Remittances by foreign embassies in India
11	Secondary Income	S1301	Remittance for family maintenance and savings
		S1302	Remittance towards personal gifts and donations
		S1303	Remittance towards donations to religious and charitable institutions abroad
		S1304	Remittance towards grants and donations to other governments and charitable institutions established by the governments.
		S1305	Contributions/donations by the Government to international institutions
		S1306	Remittance towards payment / refund of taxes.
13	Others	S1501	Refunds / rebates / reduction in invoice value on account of exports
		S1503	Payments by residents for international bidding
		S0401	Postal services

COSMOS BANK
THE COSMOS CO-OP. BANK LTD. (Multistate Scheduled Bank)

FORM A2

Application cum Declaration Form FOR Outward Remittance

AD Code No.	Currency:	Equivalent to Rs. (To be filled in by Authorized Dealer)
Form No.	Amount :	

(To be completed by the applicant)

I. Details of the applicant.	
a. Name	
b. Address	
c. Account No	

II. Details of the foreign exchange required.	
1. Amount (Specify currency)	

III. I authorize you to debit my Saving Bank /Current /RFC/EEFC Account No. ______________________________ together with your charges and	
a.) Issue a draft	
Beneficiary Name	
Address	
b.) Effect the foreign exchange remittance directly.	
1, Beneficiary Name	
2, Name and address of the Bank.	
3.Account No	

4.Intermediary Bank Details (if Applicable)	SWIFT code ____________________ Intermediary Bank Name (if any)
c.) Issue travellers cheques for	
d.) Issue foreign currency notes for	

Sr.No	Purpose Group Name	Purpose Code	Description
As per Annexure -1	Signature		

DECLARATION

(Under FEMA 1999)

I, __________________________ declare that –

*1) The total amount of foreign exchange purchased from or remitted through, all sources in India during this financial year including this application is within USD___________________ (USD_____________________________________only)

The annual limit prescribed by Reserve Bank of India for the said purpose.

*2) Foreign exchange purchased from you is for the purpose indicated above.

3) We hereby declare that we have made the request to purchase foreign exchange (if applicable) only after utilizing the available balances, if any, in all our EEFC account(s)/RFC(D)(s)/Diamond Dollar Account(s) across all banks or because we do not have any EEFC account(s)/RFC(D)(s)/Diamond Dollar Account(s) across any bank, as the case may be.

*(Strike out whichever is not applicable)

Signature : ___________________________________

Name : ___________________________________

Date : ___________________________________

Annex I Purpose Codes for Reporting under FETERS

A. Payment Purposes (for use in BOP file)

Gr. No.	Purpose Group Name	Purpose Code	Description	Gr. No.	Purpose Group Name	Purpose Code	Description
0	Capital Account	S0017	Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., land acquired by government, use of natural resources) – Government		Foreign Portfolio Investments	S0001	Indian Portfolio investment abroad – in equity shares
		S0019	Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., use of natural resources) – Non-Government			S0002	Indian Portfolio investment abroad – in debt instruments
		S0026	Capital transfers (Guarantees payments, Investment Grand given by the government/international organisation, exceptionally large Non-life insurance claims) – Government			S0009	Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in equity shares
		S0027	Capital transfers (Guarantees payments, Investment Grand given by the Non-government, exceptionally large Non-life insurance claims) – Non-Government			S0010	Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in debt instruments
		S0099	Other capital payments not included elsewhere		External Commercial Borrowings	S0011	Loans extended to Non-Residents
	Foreign Direct Investments	S0003	Indian Direct investment abroad (in branches &			S0012	Repayment of long & medium term loans with

			wholly owned subsidiaries) in equity Shares				original maturity above one year received from Non-Residents
		S0004	Indian Direct investment abroad (in subsidiaries and associates~~)~~ in debt instruments		Short term Loans	S0013	Repayment of short term loans with original maturity up to one year received from Non-Residents
		S0005	Indian investment abroad – in real estate		Banking Capital	S0014	Repatriation of Non-Resident Deposits (FCNR(B)/NR(E)RA etc)
		S0006	Repatriation of Foreign Direct Investment made by overseas Investors in India – in equity shares			S0015	Repayment of loans & overdrafts taken by ADs on their own account.
		S0007	Repatriation of Foreign Direct Investment in made by overseas Investors India – in debt instruments			S0016	Sale of a foreign currency against another foreign currency
		S0008	Repatriation of Foreign Direct Investment made by overseas Investors in India – in real estate		Construction Services	S0501	Construction of projects abroad by Indian companies including import of goods at project site abroad
	Financial Derivatives and Others	S0020	Payments made on account of margin payments, premium payment and settlement amount etc. under Financial derivative transactions.			S0502	Cost of construction etc. of projects executed by foreign companies in India.
		S0021	Payments made on account of sale of share under Employee stock option	3	Insurance and Pension Services	S0601	Life Insurance premium except term insurance
		S0022	Investment in Indian Depositories Receipts (IDRs)			S1020	Commission agent servies
	External Assistance	S0024	External Assistance extended by India. *e.g.* Loans and advances extended by India to Foreign governments under various agreements	4		S1021	Wholesale and retailing trade services.
		S0025	Repayments made on account of External Assistance received by India.			S0602	Freight insurance – relating to import & export of goods

1	Transport	S0201	Payments for surplus freight/passenger fare by foreign shipping companies operating in India			S0603	Other general insurance premium including reinsurance premium; and term life insurance premium
		S0202	Payment for operating expenses of Indian shipping companies operating abroad			S0605	Auxiliary services including commission on insurance
		S0203	Freight on imports – Shipping companies			S0607	Insurance claim Settlement of non-life insurance; and life insurance (only term insurance)
		S0204	Freight on exports – Shipping companies			S0608	Life Insurance Claim Settlements
		S0205	Operational leasing/Rental of Vessels (with crew) –Shipping companies			S0609	Standardized guarantee services
		S0206	Booking of passages abroad – Shipping companies			S0610	Premium for pension funds
		S0207	Payments for surplus freight/passenger fare by foreign Airlines companies operating in India			S0611	Periodic pension entitlements e.g. monthly quarterly or yearly payments of pension amounts by Indian Pension Fund Companies.
		S0208	Operating expenses of Indian Airlines companies operating abroad			S0612	Invoking of standardized guarantees
		S0209	Freight on imports – Airlines companies	5	Financial Services	S0701	Financial intermediation, except investment banking - Bank charges, collection charges, LC charges etc.
		S0210	Freight on exports – Airlines companies			S0702	Investment banking – brokerage, under writing commission etc.
		S0211	Operational leasing / Rental of Vessels (with crew) – Airline companies			S0703	Auxiliary services – charges on operation & regulatory fees, custodial services, depository services etc.
		S0212	Booking of passages abroad – Airlines companies	6	Telecommunication, Computer & Information Services	S0801	Hardware consultancy/implementation

		S0214	Payments on account of stevedoring, demurrage, port handling charges etc.(Shipping companies)			S0802	Software consultancy / implementation
		S0215	Payments on account of stevedoring, demurrage, port handling charges, etc.(Airlines companies)			S0803	Data base, data processing charges
		S0216	Payments for Passenger - Shipping companies			S0804	Repair and maintenance of computer and software
		S0217	Other payments by Shipping companies			S0805	News agency services
		S0218	Payments for Passenger - Airlines companies			S0806	Other information services- Subscription to newspapers, periodicals
		S0219	Other Payments by Airlines companies			S0807	Off-site software imports
		S0220	Payments on account of freight under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)			S0808	Telecommunication services including electronic mail services and voice mail services
		S0221	Payments on account of passenger fare under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)			S0809	Satellite services including space shuttle and rockets etc.
		S0222	Postal & Courier services by Air	7	Charges for the use of intellectual property n.i.e	S0901	Franchises services
		S0223	Postal & Courier services by Sea			S0902	Payment for use, through licensing arrangements, of produced originals or prototypes (such as manuscripts and films), patents, copyrights, trademarks and industrial processes etc.
		S0224	Postal & Courier services by others	8	Other Business Services	S1002	Trade related services – commission on exports / imports
2	Travel	S0301	Business travel.			S1003	Operational leasing services (other than financial leasing)

							without operating crew, including charter hire- Airlines companies
		S0303	Travel for pilgrimage			S1004	Legal services
		S0304	Travel for medical treatment			S1005	Accounting, auditing, book-keeping services
		S0305	Travel for education (including fees, hostel expenses etc.)			S1006	Business and management consultancy and public relations services
		S0306	Other travel (including holiday trips and payments for settling international credit cards transactions)			S1007	Advertising, trade fair service
		S1021	Wholesale and retailing trade services.			S1008	Research & Development services
		S1022	Operational leasing services (other than financial leasing) without operating crew, including charter hire- Shipping companies			S1009	Architectural services
		S1023	Other Technical Services including scientific/space services.			S1010	Agricultural services like protection against insects & disease, increasing of harvest yields, forestry services.
		S1099	Other services not included elsewhere			S1011	Payments for maintenance of offices abroad
9	Personal, Cultural & Recreational services	S1101	Audio-visual and related services like Motion picture and video tape production, distribution and projection services.			S1013	Environmental Services
		S1103	Radio and television production, distribution and transmission services			S1014	Engineering Services
		S1104	Entertainment services			S1015	Tax consulting services
		S1105	Museums, library and archival services			S1016	Market research and public opinion polling service
		S1106	Recreation and sporting activities services			S1017	Publishing and printing services
		S1107	Education (e.g. fees for correspondence courses abroad)			S1018	Mining services like on–site processing services analysis of ores etc.
		S1108	Health Service (payment			S1020	Commission agent services

			towards services received from hospitals, doctors, nurses, paramedical and similar services etc. rendered remotely or on-site)				
		S1109	Other Personal, Cultural & Recreational services	10	Govt. not included elsewhere	S1201	Maintenance of Indian embassies abroad
12	Primary Income	S1401	Compensation of employees			S1202	Remittances by foreign embassies in India
		S1402	Remittance towards interest on Non-Resident deposits (FCNR (B)/NR(E)RA, etc.)	11	Secondary Income	S1301	Remittance for family maintenance and savings
		S1403	Remittance towards interest on loans from Non-Residents (ST/MT/LT loans) e.g. External Commercial Borrowings, Trade Credits, etc.			S1302	Remittance towards personal gifts and donations
		S1405	Remittance towards interest payment by ADs on their own account (to VOSTRO a/c holders or the OD on NOSTRO a/c.)			S1303	Remittance towards donations to religious and charitable institutions abroad
		S1408	Remittance of profit by FDI enterprises in India (by branches of foreign companies including bank branches)			S1304	Remittance towards grants and donations to other governments and charitable institutions established by the governments.
		S1409	Remittance of dividends by FDI enterprises in India (other than branches) on equity and investment fund shares			S1305	Contributions/donations by the Government to international institutions
		S1410	Payment of interest by FDI enterprises in India to their Parent company abroad.			S1306	Remittance towards payment / refund of taxes.
		S1411	Remittance of interest income on account of Portfolio Investment in India			S1307	Outflows on account of migrant transfers including personal effects
		S1412	Remittance of dividends on account of Portfolio Investment in India on equity and investment fund shares	13	Others	S1501	Refunds / rebates / reduction in invoice value on account of

14	Maintenance and repair Services n .i.e.	S1601	Payments on account of maintenance and repair services rendered for Vessels, ships, boats, warships, etc.			S1502	Reversal of wrong entries, refunds of amount remitted for non-exports
		S1602	Payments on account of maintenance and repair services rendered for aircrafts, space shuttles, rockets, military aircrafts,			S1503	Payments by residents for international bidding
		S1022	Operational Leasing services (other than financial leasing) without operating crew, including charter hire-Shipping companies.			S1504	Notional sales when export bills negotiated/ purchased/ discounted are dishonored/ crystallized/ cancelled and reversed from suspense account
		S1023	Other Technical services including scientific/Space services.			S1505	Deemed Imports (exports between SEZ, EPZs and Domestic tariff areas)
		S1099	Other services not included elsewhere.				

REQUEST LETER FOR ARRANGEMENT OF TRADE CREDIT

DATE:

TO

COSMOS CO.OP BANK LTD

(BRANCH ADDRESS)

Dear Sir/Madam,

We request you to please arrange supplier's credit as per below details:

LC Reference (if applicable)	Bill Reference (if applicable)	Beneficiary	Currency	Amount	Bill Payment Date /Draw down date	Tenor (In days)

We are providing below details for underlying transaction required for you to process the transaction (tick where applicable)

1. <u>Is **this under Cosmos bank LC/Collection , if yes then please enclose acceptance of under LC/Collection bill along with form A1 n case this is not already submitted and please fill details as required from 1-7 above as applicable.**</u>
2. Is this direct remittance to be handled by Cosmos bank , if yes then please enclose Invoices, BL/AWB,Fema, Non Negative List & BOE and please fill details as required from 3-7

3. Is this bill handled by other bank , if yes then please enclose NOC from transaction handling bank undertaking to complete Fema regulations related to the documents handled, copies of BL/AWB, invoices and please fill details as required from 1-7 as applicable.

4. In case suppliers credit is arranged by the supplier/Customer, offer letter from eligible lender quoting regulatory acceptable quote would be required and please fill details as required from 1-7 as applicable.

We authorize you to please debit our account No. __________________________ towards your charges (including overdue charges in case of delayed funding) and overseas bank interest /charges & principal amount on the due date.

We further confirm that all details provided are true & correct to the best of our knowledge and this transaction is within the regulatory guidelines prevailing at the time of arrangement.

Enclosures:

1. Form Trade Credit (Applicable for all categories of underlying transaction)
2. Invoices, BL/AWB, FEMA, NNL & BOE. (Applicable for category 2)
3. NOC from transaction handling bank, copies of BL/AWB, invoices (applicable for category 3)
4. Offer Letter from overseas lender along with other applicable documents (applicable for category 4)

APPLICATION FOR APPROVAL OF TRADE CREDIT (SUPPLIER'S CREDIT)

To

Cosmos co.op Bank Ltd.

Name of the Applicant:

(BLOCK LETTERS)

Address

---

1. Details of the loan/Credit

Currency	Amount

2. Purpose of the loan.
3. Nature of Trade Credit – Suppliers credit
4. Terms of the Loan
   (1) Rate of Interest i.e. QUOTE
   (2) Other Charges , if any (Please specify)
   (3) All- in –cost
   (4) Period of loan
   (5) Due Date
5. Name and address of the lender/supplier

6. Particulars of commodity (ies) to be imported
   Description

7. Nature of Goods [Please put (x) in the appropriate box]

   (i) Capital Goods
   (ii) Non-Capital Goods
8. Details of imports made /to be made

(A) (i) Payment Terms
(ii)Due date of the import bill

(iii)Extension sought up to

(iv)If import has already been made value assessed as per

Bill of Entry

(B) If goods are yet to be received.

(i) Date of shipment
(ii) Whether goods have been sold on high Seas or any such sale is contemplated

CERTIFICATIONS

1. By the applicant

We hereby certify that-

(i) The particulars given above are true and correct to the best of our knowledge and belief.
(ii) The credit/loan to be raised will be utilized for the purpose for which it is being applied for vide this application and shall not be utilized for investment in stock market and real estate.

____

(Signature of Authorized official of

The applicant)

Place: MUMBAI NAME:

Date : STAMP

Designation.