



अंतर्राष्ट्रीय बैंकिंग एवं व्यापार वित्त प्रभाग, प्रधान कार्यालय
प्लॉट सं.4, सेक्टर-10, द्वारका, नई दिल्ली – 110075
International Banking and Trade Finance Division, Head Office,
Plot No.4, Sector-10, Dwarka, New Delhi-110075

(Part I-Policy)

Policy for (i) Export & Import of Goods & Services, & (ii) Remittances- Outward and Inward

Division : International Banking and Trade
Finance Division
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Policy Custodian

Division	International Banking and Trade Finance Division
Officer in-charge	Divisional Head
Policy Contact	ibd@pnb.bank.in

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1	2020_IBD_1.0	14.02.2020	Policy formulated for amalgamated entity
2	2020_IBD_2.0	01.04.2021	I. Direct dispatch of export documents II. Export caution listing III. Advance remittance for import of services IV. Charter party/third party bill of lading and House Airway bills
3	2022_IBD_3.0	01.04.2022	I. Diamond dollar account II. Receipt of advance against export III. Advance remittance for import of rough diamond IV. Merchanting trade transaction advance payment on import V. Power for opening of LC in certain case VI. LRS reporting
4	2023_IBD_4.0	28.06.2023	I. International Trade Settlement in INR II. Consolidation of sea cargo. III. Import of Gold /Silver IV. Import of Gold by QJ
5	2024_IBD_5.0	27.06.2024	i. In advance Remittance for Import of Aircrafts/Helicopters and other Aviation Related Purchase delegated power for waiver of obtaining a bank guarantee or an unconditional, irrevocable Standby Letter of Credit has been defined. ii. Guidelines for Import of Gold/Silver by Qualified Jewellers as notified by IFSCA has been updated.
6.	2025_IBD_1.0	22.07.2025	Clarification in delegated powers to permit advance remittance and consolidation of previously approved modifications
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1. Policy Overview

This policy elaborates the various features of RBI Master Direction on Export and Import of Goods and Services vide A.P. (DIR Series) Circular No. 20 dated January 16, 2026.

The Reserve Bank has comprehensively reviewed the regulations and directions governing export and import of goods and services, under FEMA, 1999, in consultation with stakeholders, and issued Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026. The Regulations are intended to promote ease of doing business, especially for small exporters and importers, and to empower authorised dealers to provide quicker and more efficient service to their customers.

As per the Regulations the Bank shall put in place a separate, comprehensive, well-documented internal policy and SOP, for handling transactions (including the reporting thereof) related to export and import of goods and services as well as MTT, in accordance with the Act, and Rules, Regulations and Directions issued thereunder. The policy should at least include the following:

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

Further, while laying down internal policy and SOP, the Bank shall ensure that the responsibility for approving transactions is clearly delegated across internal levels. The policy and SOP shall also have an escalation process for handling customer grievances and an appeal mechanism wherein the appeal is handled at a higher internal level. The higher internal level should take a final decision based on the genuineness of the submissions made by the customer.

The Bank shall ensure adherence to above mentioned RBI Directions as well as Foreign Exchange Management Act, 1999 (FEMA), and rules, regulations & directions issued under FEMA, and extant Foreign Trade Policy issued by the Government of India, while handling transactions related to export and import of Goods and Services, including merchanting trade transactions.

The Policy also elaborates the Remittances regulation contained in RBI Master Direction No. 7/2015-16 dated January 1, 2016 (Updated from time to time) and RBI Master Direction No. 8/2015-16 dated January 1, 2016 (Updated from time to time).

2. Policy Details

2.1. Background:

This policy covers the detailed aspects for Export and Import of Goods and Services, & Remittances – Outward and Inward, from/to India as covered in the Master Direction/Regulation of RBI. The guidelines contained in this Policy document should be read with the FEMA guidelines, Foreign Trade Policy Rules notified by the Government of India and RBI guidelines issued from time to time.

2.2 Objective:

The primary objective of this policy is to implement the FEMA guidelines of the RBI on Export and Import of Goods and Services and Remittances Outward & Inward, in the bank. All the Export, Import and remittances related work is initiated at AD branches, transactions and all related issues are dealt by Trade Finance Centres after ensuring Regulatory compliance and Bank's guidelines. All concerned offices will be governed within the framework of this policy.

2.3. Scope and Applicability:

The policy will be applicable to all branches/offices across the bank authorised to undertake the business. The policy will facilitate authorised branches to follow the modalities for undertaking the Export, Import and remittances transactions.

2.4. Policy Contents:

The policy on Export and Import of Goods and Services and Remittances- Outward and Inward covers the following:

2.4.1 Definitions

- i. "Act" means the Foreign Exchange Management Act, 1999 (42 of 1999)
- ii. "Authorised Dealer" means a person authorised as an authorised dealer under sub- section (1) of Section 10 of the Act;
- iii. "Export Declaration Form" (EDF) means the form given in Foreign Exchange Management (Export and import of Goods and Services) Regulations, 2026 as amended from time to time;
- iv. "Project Export" shall have the same meaning as defined in the Foreign Trade Policy;
- v. "Software" means any computer programme, database, drawing, design, audio/video signals, any information by whatever name called in or on any medium other than in or on any physical medium;
- vi. "Specified authority" means:
 - a. Commissioner of Customs in Domestic Tariff Area (DTA) and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for goods;
 - b. An Authorised Dealer in DTA and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for services other than

software; and

- c. An Authorised Dealer or Software Technology Parks of India (STPI) in DTA, and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for software.

Explanation. – For the purpose of Foreign Exchange Management (Export and import of Goods and Services) Regulations, 2016 as amended from time to time, ‘services’ shall also include ‘software’.

- vii. The words and expressions used but not defined in Foreign Exchange Management (Export and import of Goods and Services) Regulations, 2016 as amended from time to time shall have the same meanings as assigned to them in the Act or rules or regulations made thereunder.

2.4.2 Export & Import of Goods and Services

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

We may conduct export and Import transactions in conformity with the Foreign Trade Policy in vogue and the Rules framed by the Government of India and the Directions issued by Reserve Bank from time to time. In exercise of the powers conferred by the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank has notified the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026.

Bank shall handle the business of export and import of goods and services through its AD Branches and processing of these transactions will be done at Trade Finance Centres based on the extant Bank/RBI/Other guidelines.

The revised regulations would apply prospectively to transactions initiated on or after October 1, 2026. The transactions initiated prior to October 1, 2026, where a subsequent leg remains pending or where the transaction itself is yet to be regularised, may continue to be processed by Branches, provided such transactions are not in contravention of the applicable FEMA regulations. Any transaction involving a contravention of FEMA provisions, or any exception falling outside the delegated powers of AD Bank under the revised FEMA framework, shall be referred to the Reserve Bank of India for the necessary approval.

The Bank shall send all references to the Reserve Bank through PRAVAAH (Platform for Regulatory Application, Validation and Authorisation) portal launched by the Reserve Bank of India for applying regulatory approvals, clearances and licenses and inform any doubtful transaction to the Directorate of Enforcement (DoE).

Bank has to follow normal banking procedures and adhere to the provisions of Uniform Customs and Practices for Documentary Credits (UCPDC), etc., while opening letters of credit for import into India on behalf of their constituents.

For issuance of guarantees, Branches to be guided by Foreign Exchange Management (Guarantees) Regulations, 2026.

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

The provisions of Income Tax Act/ GST act, wherever applicable, to be complied with.

Where specific regulations do not exist, AD branches may be governed by normal trade practices. AD branches may particularly note to adhere to "Know Your Customer" (KYC) guidelines issued by Reserve Bank (Department of Banking Regulation) in all their dealings.

Detailed guidelines to handle export and import of goods and services in various aspects in terms of RBI guidelines and other extant guidelines are covered in Operational Guidelines Part II of the Policy.

2.4.3 Import Advance

In case of advance payment for imports, an importer shall route the advance payment and its subsequent payments, if any, through the same Authorised Dealer. However, an importer may route the transactions through any other Authorised Dealer provided the importer has intimated the change to both the Authorised Dealers.

Bank may permit advance remittance for import after satisfying itself of the genuineness of the requirement for advance remittance.

2.4.3.1 The thresholds for advance payment, beyond which, the payment may require a standby Letter of Credit or a guarantee are as under: -

- a) In case the amount of advance remittance exceeds USD 200,000 or its equivalent, an unconditional irrevocable SBLC or guarantee from an international Bank of repute situated outside India or a guarantee of an AD Bank in India which is backed by a counter guarantee from an international Bank of repute situated outside India is obtained.
- b) In case the Importer (other than a public Sector Company or a Department /Undertaking of the Government of India/State Government/s) is unable to obtain irrevocable SBLC/Guarantee, the Bank may waive the same keeping in view the past track record of the importer customer as per following delegated powers:

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(in Mio)

S. No.	Authorities	Amount of advance remittance
1.	CBB /MCB /MCC /PLP (IV & V)	Above USD 0.20 to USD 0.50
2.	CHCAC	Above USD 0.50 to USD 5.00
3.	In-charge LCB /ELCB	Above USD 0.20 to USD 5.00
4.	CGM Level Committee for International Banking	Full powers

This power chart shall be applicable for borrowal and non-borrowal accounts for import of goods and services.

Note: - If Branch is linked with MCC & PLP both, then the waiver in case of non-borrowal account shall be allowed by MCC and above.

In all cases, the above-mentioned authorities while allowing such advance remittance to ensure due diligence for each reference and not give any blanket permission for a certain period or cumulative amount.

Further, it is advised that at the time of fresh sanction / renewal / review / enhancement, the condition of waiver of obtaining SBLC/Guarantee may be stipulated in sanction by the sanctioning authority.

All AD Branches including LCBs/ELCBs are advised to submit a statement at the end of every quarter giving details of advance remittances allowed by them to their respective Zonal Office as per prescribed format, who in turn, will monitor these remittances with a view to ensure that Bank guidelines in this regard are being complied with.

- c) A Public Sector Company or a Department /Undertaking of the Government of India/State Government/s which is not in a position to obtain a guarantee from an international bank of repute against an advance payment, is required to obtain a specific waiver for the Bank guarantee from the Ministry of Finance, Government of India before making advance remittance exceeding USD 100,000.
- d) Further, the entities which have been permitted under the extant Foreign Trade Policy to import aircrafts and helicopters (including used / second hand aircraft and helicopters) or any other person who has been granted permission by the Directorate General of Civil Aviation (DGCA) to operate Scheduled or Non-Scheduled Air Transport Service (including Air Taxi Services), can make advance remittance without bank guarantee or an unconditional, irrevocable Standby Letter of Credit, up to USD 50 million. Further, importers can make advance remittance for import of shipping vessel, without bank guarantee, or an unconditional, irrevocable standby Letter of Credit, up to USD 50 million. Prior to making the remittance, the AD branches to ensure that the requisite approval

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of the Ministry of Civil Aviation/DGCA/other agencies in terms of the extant Foreign Trade Policy has been obtained by the company for import.

Delegated powers for permitting such remittances are as follows:

(in Mio)

S. No.	Authorities	Amount of advance remittance
1.	CBB /MCB /MCC /PLP (IV & V)	Above USD 0.20 to USD 0.50
2.	CHCAC	Above USD 0.50 to USD 5.00
3.	In-charge LCB /ELCB	Above USD 0.20 to USD 5.00
4.	CGM Level Committee for International Banking	Full powers

2.4.3.2 Advance Remittance for Import of Rough Diamonds:

AD branches are permitted 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. AD branches, while allowing the advance remittance without Bank guarantee for import of rough diamonds, must ensure that:-

- (i) The overseas mining company should have the recommendation of GJEPC.
- (ii) The importer should be a recognized processor of rough diamonds and should have a good track record;
- (iii) Due caution should be exercised to ensure that remittance is not permitted for import of conflict diamonds (Kimberly Certification).
- (iv) Delegation of powers to allow advance remittance for import of rough diamonds, where importer is unable to obtain irrevocable SBLC/Guarantee, is as under:

(USD in Mio)

S. No.	Authorities	Amount of advance remittance
1.	CBB /MCB /MCC /PLP (IV & V)	Above USD 0.20 to USD 0.50
2.	ZOCAC	Above USD 0.50 to USD 5.00
3.	In-charge LCB /ELCB	Above USD 0.20 to USD 5.00
4.	CGM Level Committee for International Banking	Full powers

- (v) A report in the prescribed format shall be submitted by IBD, of all such advance remittances made without a Bank guarantee or Standby Letter of Credit for import of rough diamonds, where the amount of advance payment is equivalent to or exceeds USD 5,000,000 (USD five million only), to the concerned Regional Office of Reserve Bank of India within 15 calendar days of the close of each half year (March-September). The format is prescribed as per Master Direction – Reporting under Foreign Exchange Management Act, 1999 FED Master Direction No.18/2015-16 dated January 01, 2016 updated from time to time.

2.4.3.3 Import of Gold/Silver by Qualified Jewellers as notified by IFSCA

In terms of RBI guidelines, AD banks may allow Qualified Jewellers and Tariff Rate Quota (TRQ) Holders under India-UAE CEPA (United Arab Emirates – Comprehensive Economic Partnership Agreement) to remit advance payments for eleven days for import of gold through IIBX (India International Bullion Exchange) in compliance with the extant Foreign Trade Policy and regulations issued under IFSC Act (International Financial Services Centres Authority Act).

Further, in terms of RBI/2023-2024/83 A.P(DIR Series) Circular No.07 dated Nov 10, 2023, AD Category-I banks may allow Qualified Jewellers to remit advance payment for eleven days for import of silver through IIBX.

As such, delegated power to waive guarantee for advance remittance by Qualified Jewellers (for import of gold and silver) and TRQ holders under India-UAE CEPA (for import of gold/silver) as notified by IFSCA will be as under:

(in Mio)	
Authorities	Amount of advance remittance
CBB/ MCB/ MCC/ PLP (IV & V)	Above USD 0.20 to USD 0.50
ZOCAC	Above USD 0.50 to USD 5.00
In-charge LCB /ELCB	Above USD 0.20 to USD 5.00
CGM Level Committee for International Banking	Full powers

- (i) All remittance for Qualified Jewellers/ Valid India-UAE CEPA Tariff Rate Quota (TRQ) Holders will be routed through TFC New Delhi.
- (ii) TFC New Delhi / AD Branch will ensure that at the time of remittance, remitter is included in the list of the notified Qualified Jewellers/ Valid India-UAE CEPA Tariff Rate Quota (TRQ) Holders on IFSCA website.
- (iii) TFC New Delhi /AD Branch will ensure that no further remittance is allowed for QJ/ Valid India-UAE CEPA Tariff Rate Quota (TRQ) Holders, if previous remittance is overdue for submission of bill of entry or funds not received back within eleven days of prescribed time.
- (iv) As per extant guidelines issued by IFSCA (International Financial Services Centres Authority), IIBX (India International Bullion Exchange) shall put in place necessary systems for issuance of an IIBX authenticated document carrying details of indicative price of gold/silver for the quantity and the quality (purity), intended to be imported by the Qualified Jeweller/ Valid India-UAE CEPA Tariff Rate Quota (TRQ) Holders through IIBX. This document shall be the basis on which AD Branch may allow Qualified Jewellers/ Valid India-UAE CEPA Tariff Rate Quota (TRQ) Holders to remit advance payments towards import of gold/silver through IIBX in terms of the para 3(i) RBI circular, RBI/2022-2023/57/A.P. (DIR

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Series) Circular No.04 dated May 25, 2022 and para 3 RBI circular, RBI/2023-2024/83/A.P(DIR Series) Circular No.07 dated Nov 10, 2023.

(v) Any unutilised amount as at the end of the specified time limit of 11 (calendar) days from the date of remittance, shall be compulsorily remitted back to the AD branch in India, from where the remittance was received, for reconciliation of the Outward Remittance Message (ORM) and Bill of Entry (BOE).

(vi) TFC New Delhi / AD Branch will ensure the compliance of the RBI/IFSCA/DGFT, or other guidelines related to Import of Gold and silver by QJ/ Import of gold/silver by Valid India-UAE CEPA Tariff Rate Quota (TRQ) Holders.

(vii) Imports of silver through nominated agencies notified by the Reserve Bank of India, in the case of banks, and by the DGFT in case of other agencies, shall be permitted only against a valid Import Authorisation issued by the DGFT.

2.4.3.4 Further, any advance remittances against import (Borrowal/Non-Borrowal accounts) shall not be permitted without obtaining permission from the competent authority, if the number of advance remittances overdue for submission of evidence of import exceeds the threshold limit given as under:

Branch type	No. of overdue advance remittances	Competent authority
GBB	3	Circle Head
CBB/MCB/LCB/ELCB	5	Branch Head

In addition to above, in case of non-borrowal account, further advance remittance against import shall not be permitted without obtaining permission from the competent authority, if the number of advance remittances exceeds the threshold limit given as below:

Branch type	No. of outstanding advance remittances	Competent authority
GBB	12*	Circle Head
CBB/MCB/LCB/ELCB	20*	Branch Head

***in case of newly opened non-borrowal account (within 1 year) threshold limit shall be 6 (six) No. of outstanding advance remittances.**

2.4.3.5 Further, payments towards advance remittance for imports shall be subject to the following conditions:

(i) All advance payments against Import of Goods and Services shall be executed by Trade Finance Centers after ensuring meticulous compliance of RBI/Bank's guidelines.

(ii) The importer is a customer of the bank.

(iii) The customer's account is fully compliant with Reserve Bank's extant KYC/AML guidelines. KYC and due diligence exercise is required to be done by the AD

branches for the Indian importer entity as well as the overseas manufacturer/ supplier.

- (iv) The AD branches should undertake the transactions based on commercial judgment and after being satisfied about the bonafides of the transactions and purpose of remittances.
- (v) Advance payments should be made strictly as per terms of the sale contract/Performa Invoice and should be made directly to the account of the manufacturer/ supplier concerned.
- (vi) Physical import of goods into India should be made within six months (three years in case of capital goods) from the date of remittance and the importer should give an undertaking at the time of remittance to furnish documentary evidence of import, within fifteen days from the close of the relevant period.
- (vii) AD branches should follow up for submission of documentary evidence of import into India. In the event of non-import of goods, AD branches should ensure that the amount of advance remittance is repatriated to India or is utilized for any other purpose for which release of exchange is permissible under the Act, Rules or Regulations made there under.
- (viii) Financial standing and past track record of the importer is satisfactory.
- (ix) In case of borrowers, the facility is to be extended to those with satisfactory track record and having good credit rating.
- (x) Credit Report on Foreign Supplier/Manufacturer/Service provider from IBD approved credit rating agencies or approved foreign correspondent Banks in case of advance remittance/Contract of USD 100,000 and above or equivalent be obtained, as due diligence.
- (xi) Credit report should not have any adverse remarks on the overseas company with regard to its conduct/financial irregularity in overseas market etc.
- (xii) The report should not be older than 1 year.
- (xiii) AD branches/TFC are required to create outward remittance message (ORM) for all such outward remittances in IDPMS and follow other extant IDPMS guidelines.
- (xiv) Respective Credit sanctioning division will place note to the competent authority for borrowal accounts. HO-IBTFD shall place notes to the competent authorities in case of Non borrowal accounts.

2.4.4 Export Advance

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

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Authorised Dealers.

2.4.4.1 AD Branches can also allow exporters having satisfactory track record to receive long term export advance up to a maximum tenor of 10 years to be utilized for execution of long term supply contracts for export of goods subject to the conditions as under:

- i) Firm irrevocable supply orders and contracts should be in place. The contract with the overseas party/ buyer should be vetted and the same shall clearly specify the nature, amount and delivery timelines of the products over the years and penalty in case of non- performance or contract cancellation. Product pricing should be in consonance with prevailing international prices.
- ii) Company should have capacity, systems and processes in place to ensure that the orders over the duration of the said tenure can actually be executed.
- iii) The facility is to be provided only to those entities, which have not come under the adverse notice of Enforcement Directorate or any such regulatory agency or have not been caution listed.
- iv) Such advances should be adjusted through future exports.
- v) The documents should be routed through one Authorized Dealer branch only.
- vi) Authorized Dealer Branch should ensure compliance with AML / KYC guidelines
- vii) Such export advances shall not be permitted to be used to liquidate Rupee loans classified as NPA.
- viii) Double financing for working capital for execution of export orders should be avoided.
- ix) Receipt of such advance of USD 100 million or more should be immediately reported to the Trade Division, Foreign Exchange Department, Reserve Bank of India, Central Office, Mumbai.

2.4.4.2. In case AD branch is required to issue bank guarantee (BG) / Stand by Letter of Credit (SBLC) for export performance, then the issuance should be rigorously evaluated as any other credit proposal by respective sanctioning authority keeping in view, among others, prudential requirements. Exporter must have Bank guarantee limit established by the respective sanctioning authority for this purpose as per extant guidelines of RBI / Bank.

- i) BG/SBLC may be issued for a term not exceeding two years at a time and further rollover of not more than two years at a time may be allowed subject to satisfaction with relative export performance as per the contract.
- ii) BG/SBLC should cover only the advance on reducing balance basis.
- iii) BG/SBLC issued from India in favor of overseas buyer should not be discounted

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by the overseas branch / subsidiary of bank in India.

- iv) AD Branch to be guided by the banks guidelines on credit facilities issued by IRMD for compliance of other guidelines.

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

2.4.4.4 AD Branches, in consultation with Trade Finance Centre (TFC), may allow exporters to receive advance payment for export of goods, which would take more than one year to manufacture and ship and where the 'export agreement' provides for shipment of goods extending beyond the period of one year from the date of receipt of advance payment subject to conditions as under:

- i) The KYC and due diligence exercise has been done by the AD Branch for the overseas buyer;
- ii) Compliance with the Anti-Money Laundering standards has been ensured;
- iii) The AD Branch should ensure that export advance received by the exporter should be utilized to execute export and not for any other purpose, i.e., the transaction is a bonafide transaction;
- iv) Progress payment, if any, should be received directly from the overseas buyer strictly in terms of the contract;
- v) There should be no instance of refund exceeding 10% of the advance payment received in the last three years;
- vi) The documents covering the shipment should be routed through the same AD branch; and
- vii) In the event of the exporter's inability to make the shipment, partly or fully, no remittance towards refund of unutilized portion of advance payment or towards payment of interest should be made without the prior approval of **CGM Level Committee for International Banking**.

2.4.4.5 It has been observed that there is substantial increase in the number and amount of advances received for exports remaining outstanding beyond the stipulated period on account of non-performance of such exports (shipments in case of export of goods), AD branches are advised to efficiently follow up with the concerned exporters in order to ensure that export performance (shipments in case of export of goods) are completed within the stipulated time period.

2.4.4.6 Branches should exercise proper due diligence and ensure compliance with KYC and AML guidelines so that only bonafide export advances flow into India. Doubtful cases as also instances of chronic defaulters may be referred to Directorate of Enforcement (DoE) for further investigation.

Operational aspects pertaining to advance import / export and delayed payment have been covered in Part-II of this Policy.

2.4.5 Declaration of Exports

- (1) An exporter of goods shall furnish to the specified authority, a declaration in the

Export Declaration Form (EDF) specifying the amount representing the full export value of goods, at the time of export:

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

Provided further that a traveller moving personal effects (which are either accompanied or unaccompanied) from India shall not be treated as exporter for the purpose of Foreign Exchange Management (Export and import of Goods and Services) Regulations, 2016 as amended from time to time.

- (2) An exporter of services shall furnish to the specified authority, a declaration in EDF specifying the amount representing the full export value of services, within 30 days from the end of month in which invoice for services has been raised, provided that:
- (a) the exporter of services who has exported services to one or more recipients in a month, may submit a single EDF for all such exports;
 - (b) the exporter of services other than software, may submit an EDF on or before the date of receipt of payment;
 - (c) the Authorised Dealer may, on a request from the exporter citing reasons for delay, extend the period for submission of the EDF after satisfying itself about the reasonableness of the request.
- (3) In the case of a non-EDI port for export of goods; or where the specified authority for export of services is other than an Authorised Dealer, the duly authenticated EDF, shall be forwarded by the specified authority to the respective Authorised Dealer.

2.4.6 Manner of Receipt and Payment:

- (1) The receipts and payments for export and import of goods and services shall be in the manner specified in the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023, as amended from time to time.
- (2) An Authorised Dealer shall make a credit or debit to the account of an exporter or an importer, for receipt of export or payment for import, only after having satisfied itself of the genuineness of the transaction, and shall, simultaneously close or update the respective entry in Export Data Processing and Monitoring System or Import Data Processing and Monitoring System (EDPMS or IDPMS):

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

Provided further that in the case of import where the Bill of Entry (for goods) or

invoice (for services) is up to ₹10 lakh (or its equivalent in foreign currency), entry in IDPMS may be closed based on a declaration from the importer to the effect that the payment for import has been made either in full or otherwise. Alternatively, such declaration may be submitted by an importer to the Authorised Dealer on a quarterly basis for bulk closure of entries in IDPMS.

EDPMS and IDPMS shall also refer to any other system specified by RBI, for the purpose.

2.4.7 Time period for Realisation of exports:

- (1) The amount representing the full export value (or reduced export value in terms of Regulation 6 of these Regulations) of goods and services shall be realised (including by way of set off in terms of Regulation 7 of these Regulations) and repatriated by the exporter within the period specified below:
 - (a) fifteen months from the date of shipment in case of goods (other than goods exported to a warehouse outside India) and from the date of invoice in case of services;
 - (b) fifteen months from the date of sale of goods from the warehouse in case of goods exported to a warehouse outside India;
 - (c) as per payment terms of the contract, in case of project exports:

Provided that where the export of goods and services is invoiced or/and settled in Indian Rupees, the period for realisation and repatriation of full export value shall be eighteen months, from the date of shipment in case of goods (other than goods exported to a warehouse outside India), from the date of invoice in case of services, and from the date of sale of goods in case of goods exported to a warehouse outside India;

Provided further that the Bank may, on request by an exporter citing reasons for the delay, allow extension of time for realisation of export proceeds beyond the specified period, if the Bank is satisfied of the reasons cited.

- (2) The systems and processes to monitor and follow up with an exporter to realise export proceeds within the period specified above including extension (if any) are covered in Operational Guidelines Part II of the Policy.

2.4.8 Reduction in the export realization:

The Bank may, on request from the exporter citing reasons for under-realisation or non-realisation of full export value, allow reduction in realisation of export value, provided the Bank is satisfied of the reasons cited.

Provided that where the export value is up to ₹ 10 lakh (or its equivalent in foreign currency) per shipping bill (for goods) or invoice (for services), the reduction of export value (including nonrealisation of full export value) may be permitted based on a declaration from the exporter.

2.4.9 Set off of export receivables against import payables:

The Bank may allow set-off of export receivables against import payables from/to the same overseas buyer or supplier or with their overseas group or associate companies, within the stipulated period for realisation of export proceeds or extended period, if any, allowed by the Bank.

2.4.10 Third party receipts and payments:

The Bank may permit third party (other than the parties undertaking export and import) receipts and payments for export and import transactions provided that the Bank is satisfied with the bonafides of the transactions.

2.4.11 Time period for making import payment:

Branches shall monitor its IDPMS entries and follow up with the respective importer for making payment for its imports within the period specified in the underlying contract.

Provided that the Bank may, on request from the importer citing reasons for the delay, allow extension of time for making payment, beyond the period specified in the contract, if the Bank is satisfied of the reasons cited.

2.4.12 Advance payment for exports and imports and delayed payment for imports:

- (1) An exporter shall, in case of advance receipt for export, route the advance amount, and realisation of export proceeds, if any, through the same Authorised Dealer. However, an exporter may route the transactions through any other Authorised Dealer provided the exporter has intimated the change to both the Authorised Dealers.
- (2) In case of advance payment for imports, an importer shall route the advance payment and its subsequent payments, if any, through the same Authorised Dealer. However, an importer may route the transactions through any other Authorised Dealer provided the importer has intimated the change to both the Authorised Dealers.
- (3) Bank may permit advance remittance for import after satisfying itself of the genuineness of the requirement for advance remittance. The thresholds for advance payment, beyond which, the payment may require a standby Letter of Credit or a guarantee are covered in Operational Guidelines Part II of the Policy.
- (4) An exporter, or an importer, as the case may be, shall ensure that interest payable, if any, on advance payment received for export, or on delayed payment for imports, shall not exceed the all-in-cost ceiling of trade credit in terms of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.

2.4.13 Import of gold and silver

Save as otherwise provided in the Act, Rules, Regulations or Directions made there under, and notwithstanding the provisions of Foreign Exchange Management (Export and import of Goods and Services) Regulations, 2026 as amended from time to time, no advance remittance shall be permitted by Bank for the import of gold or silver.

In terms of DGFT notification no. 19/2026-27 dated 02.06.2026, Imports of silver through nominated agencies notified by the Reserve Bank of India , in the case of banks, and by the DGFT in case of other agencies, shall be permitted only against a valid Import Authorisation issued by the DGFT.

2.4.14 Import not materialised

- (1) Where an importer is unable to import within the contract period, or the extended period, the importer shall repatriate the advance payment made, if any.
- (2) If the advance payment is not repatriated by the importer within the contract period or extended period, if any, allowed by the Bank or where the IDPMS entry has not been marked-off in terms of Regulation 18(1)(j), any future advance payment for imports by the importer shall require an unconditional, irrevocable standby Letter of Credit or a guarantee from an international bank of repute or a guarantee of an Authorised Dealer in India, which is issued against a counter-guarantee of an international bank of repute.

2.4.15 Unrealised exports

If the export proceeds of an exporter remain unrealised for a period beyond one year from the due date of realisation or extended period, if any, allowed by the Bank, the exporter shall undertake further exports only against receipt of full advance or an irrevocable Letter of Credit.

2.4.16 Export of goods and services against repayment of State credits

For the implementation of the provisions of the Inter banking arrangement, Bank shall adhere to instructions and directions issued by the Reserve Bank from time to time on export of goods and services against repayment of State credits granted by the erstwhile Soviet Union.

2.4.17 Project Export

Bank may permit receipts/ payments for project exports as per the underlying contract, after satisfying itself of the genuineness of the project.

Subject to monitoring by the bank, a project exporter may deploy temporary cash surplus, generated outside India, from such exports, for investments in short-term instruments (with original or residual maturity of one year or less) including in treasury bills and in deposits with banks, outside India.

2.4.18 Merchanting Trade Transaction (MTT)

- (1) A person undertaking Merchanting Trade, in accordance with the Foreign Trade Policy, shall ensure that:
 - (a) the period between the outward remittance and inward remittance or vice versa does not exceed six months:
Provided that the Bank may, on request citing reasons for delay, allow extension of time, if the Bank is satisfied of the reasons cited.
 - (b) outward remittances are sent only to the overseas seller and inward remittances are received only from the overseas buyer:
Provided that the Bank may, on request from the customer citing reasons, allow receipt from and/ or payment to any third party, if the Bank is satisfied of the reasons cited.
 - (c) the documents evidencing the MTT are provided to the Bank, to establish the genuineness of the transactions.
- (2) The Bank shall:
 - (a) credit or debit the account of its customer for any cross-border transaction related to MTT after having been satisfied with the genuineness of the same and shall, simultaneously close or update the respective entry in EDPMS and/or IDPMS.
 - (b) monitor and follow-up with the person undertaking merchant trading to ensure that both the legs of the transaction are completed within the period and manner as specified in Foreign Exchange Management (Export and import of Goods and Services) Regulations, 2016 as amended from time to time.

2.4.19 International Trade Invoicing and Settlement in Indian Rupees (INR).

The Bank may be guided by the extant guidelines on the broad framework as well as instructions issued by the Reserve Bank in this regard, from time to time. The guidelines are issued in this regard as Bank's Board approved policy for Establishment of Correspondent Banking relationships and transactions.

2.4.20 Reporting

- (1) EDPMS (Export Data Processing and Monitoring System) and IDPMS (Import Data Processing and Monitoring System)-

The Bank:

- (a) shall enter details of EDF (of its customers) as received from non-EDI (Electronic Data Interchange) port in EDPMS within five working days of receipt of EDF.
- (b) shall enter details of EDF of service (of its customers) in EDPMS within five working days of receipt of EDF from an exporter.
- (c) shall enter details of import (of its customers) as received from non-EDI port in IDPMS within five working days of receipt of documents.
- (d) shall enter details of import of service, in IDPMS, as declared and submitted

by the importer, within five working days of receipt of documents.

- (e) shall enter details of inward and outward remittances for all exports, imports and Merchanting Trade Transactions (MTT) in EDPMS and/ or IDPMS.
- (f) shall monitor all transactions in EDPMS and IDPMS for closure of outstanding entries and follow-up with an exporter, an importer and person undertaking MTT for submission of documents for the same.

Mark-off/closure of entries:

- (g) shall in the case of an export, mark-off the entry in EDPMS after ensuring that the export value has been realised.
 - (h) shall in the case of an import, mark-off the entry in IDPMS after ensuring that the payment for the import has been made.
 - (i) may on request by an exporter citing reasons, close the entry relating to export advance transactions in EDPMS, where no export has been made and where refund of such advance is not possible, after having been satisfied of the genuineness of the reasons cited.
 - (j) may on request by an importer citing reasons, close the entry relating to import advance transactions in IDPMS, where no import has taken place and where repatriation of such advance is not possible, after having been satisfied of the genuineness of the reasons cited.
 - (k) may on the request of importer, close the entry in IDPMS where import transaction has been settled at reduced value, after having been satisfied of the genuineness of the reasons cited.
 - (l) shall in the case of an MTT, close or update the respective entry in EDPMS and IDPMS after making the receipt and payment for both legs of the MTT.
- (2) The Bank shall report all foreign trade transactions in Foreign Exchange Transaction Electronic Reporting System (FETERS) in terms of extant guidelines issued by the Reserve Bank from time to time.

2.4.21 Export factoring and Import factoring

The factoring business will be governed by Bank's Board approved Unified Policy on Financial Supply Chain Management Business and Factoring Business.

2.4.22 Internal Policy and Standard Operating Procedure (SOP) for handling transactions

It is to ensure that the charges levied for handling transactions and associated processes are reasonable and proportional to the services rendered. The charges will be applicable as per IRMD L&A Circular No. 207/2021 dated 31.12.2021, including subsequent amendments, and any special dispensation or schematic charges approved by the competent authority.

Further, the Bank shall not levy any charges or penalty on its constituent (exporter or importer or merchant trader) for any regulatory delay/violation by the constituent.

The detailed guidelines are covered in Operational Guidelines Part II of the Policy.

2.4.23 Remittances

This policy comprises Regulatory and procedural guidelines for Outward and Inward Remittances in terms of Master Directions issued by RBI under Foreign Exchange Management Act (FEMA) 1999, from time to time.

2.4.23.1 Outward Remittances -

Outward Remittances - Broadly, outward Remittances have been classified in two parts, Liberalized Remittance Scheme in terms of RBI Master Direction No. 7/2015-16 dated January 1, 2016 (Updated from time to time) and Other Remittances Facilities in terms of RBI Master Direction No. 8/2015-16 dated January 1, 2016 (Updated from time to time).

In terms of RBI vide A.P. (DIR Series) Circular no. 12 dated 03.07.2024 and A.P. (DIR Series) Circular no. 13 dated 03.07.2024, Bank shall obtain form A2 in physical or digital form for all cross-border outward remittances irrespective of the value of transactions.

Further, ORMC is delegated with the power for setting up limit on all cross-border outward remittances in digital form (MBS/IBS etc).

(i) Liberalized Remittance Scheme-

The LRS was introduced on February 4, 2004, by Reserve Bank of India vide A.P. (DIR Series) Circular No. 64 dated February 4, 2004 read with Government of India Notification G.S.R. No.207 (E) dated March 23, 2004, as a liberalization measure to facilitate Resident Individuals to remit funds abroad for permitted Current or Capital account transactions or combination of both. These Regulations are amended from time to time to incorporate the changes in the regulatory framework and published through amendment notifications.

(ii) Other Remittance Facilities:

For release of foreign exchange to persons resident in India for various Current Account transactions, Bank to refer the Rules framed by the Government of India under Section 5 of the Foreign Exchange Management Act, 1999. In terms of the said Rules, drawal of foreign exchange for certain categories of transactions listed in Schedule I is expressly prohibited. Exchange facilities for transactions included in Schedule II to the Rules may be permitted by the Authorized Dealer banks provided the applicant has secured the approval from the Ministry/Department of the Government of India as specified therein. In respect of transactions included in Schedule III to the Rules, prior approval of the Reserve Bank would be required for remittance exceeding the specified limits. All applications for release of foreign exchange exceeding the limits as prescribed in Schedule III to the Rules should be referred to the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank, under whose jurisdiction the applicant is functioning /residing. Release of foreign exchange is not admissible for travel to and transaction with residents of Nepal and Bhutan.

2.4.23.2 Inward Remittances: Our Bank operates through different schemes of payment transfers, ranging from traditional modes like cheques and drafts to more advanced, easier and faster transmission channels. All inward Remittances are channelized through our International Service Branch, Delhi, which acts as a Centralized Nodal Office for all Inward Remittances. Some of the common methods of receipt of Inward remittances is as under:

- a. Personal Cheques (issued by the overseas remitter)
- b. Demand Drafts issued by overseas banks
- c. Remittances received through SWIFT
- d. MTSS (Money Transfer Service Schemes)
- e. Rupee Drawing Arrangements (Drafts / Speed Remittance)
- f. Any other method prescribed by RBI and adopted by bank.

Inward remittances shall be either in foreign currency or in Indian Rupees. In case of the former, the foreign currency amount will be converted into Indian Rupees at the appropriate buying rate and paid to the beneficiaries in India.

In terms of FEDAI RULES 10th edition (last updated 05 April 2024) , RULE -4 PARA 4.3 it is stipulated that “Foreign currency remittance up to certain amount, as per uniform policy of respective bank, may be converted immediately, for their own customer into Indian Rupee if all information required for crediting the remittance to beneficiary account is available and there is no instruction to the contrary. Remittance in excess to such certain amount shall be executed in foreign currency or can be converted to other currency(ies) with due intimation to or consent from the beneficiary”.

As per prevailing operative guidelines in the Bank for all the Inward remittance up to USD 10000 (or equivalent in other currencies) may be converted immediately, for their own customer into Indian Rupee if all information required for crediting the remittance to beneficiary account is available and there is no instruction to the contrary. Remittance in excess of USD 10000 or Equivalent and above shall be executed in foreign currency or can be converted to other currency(ies) with due intimation to or consent from the beneficiary.

For Inward remittances where beneficiary account constitution is individual, the amount up to USD 20000 (or equivalent in other currencies) may be converted immediately, if all information required for crediting the remittance to beneficiary account is available and there is no instruction to the contrary.

2.4.23.3 Guidelines to facilitate faster cross-border inward payments (RBI/2026-27/08 CO.DPSS.ID.No.S20/06-08-017/2026-2027 dated April 09, 2026).

Further, the Reserve Bank’s Payments Vision 2025 aims to bring efficiency in the cross- border payments aligning with the G20 roadmap for cross-border payments that has set targets for achieving cheaper, faster, more transparent, and more accessible cross-border payments. Accordingly, banks to follow as under:

- a. Bank shall inform the customer of the receipt of cross-border inward transactions immediately on receipt of inward message. Messages received

after close of operating hours of banks shall be informed to customer immediately at the start of the next business day.

- b. Bank reliance upon end-of-day statements of the nostro account for confirming and reconciling receipts in nostro accounts, resulting in delay in crediting funds to the beneficiary's account. To expedite this process, bank to undertake reconciliation and confirmation of credit in the nostro account frequently either on near real time basis or at periodic intervals. The reconciliation interval should normally not exceed one hour.
- c. Bank shall endeavour to credit the inward payments received during the foreign exchange market hours within the same business day to the beneficiary's account, and credit the inward payments received after market hours on the next business day, subject to compliance with the extant FEMA and other regulatory requirements.
- d. Bank may, based on risk assessment and subject to compliance with extant FEMA guidelines, put in place straight through process for crediting the inward payments to the account of individual residents.
- e. Bank may, within a reasonable time frame, endeavour to provide digital interface to their customers to facilitate foreign exchange transactions, including submission of documents or information, and monitoring of transactions.

2.4.23.4 Bank shall undertake the remittances transaction, i.e., outward and inward through its AD Branches whereas processing of outward remittances will be done at Trade Finance Centres and processing of inward remittances will be done at ISB New Delhi. In few cases, processing of Inward remittance may be done at AD Branch level or TFC in collaboration with ISB New Delhi. The remittance transactions, i.e., Outward and Inward will be processed based on the extant bank/RBI/other guidelines. All detailed guidelines to handle remittance- Outward and Inward in various aspects in terms of RBI guidelines as given in Master direction of RBI are covered in Operational Guidelines Part II of the Policy.

2.4.23.5 Processing TAT for Cross-Border Transactions/Remittances

The transaction is to be processed on the same working day (T-day), provided the application is received by 4:00 PM. Otherwise, the transaction will be processed on the next working day (T+1). This processing timeline is subject to obtaining a proper customer request and mandate, along with all necessary documentation. Additionally, the transaction must be fully compliant, bona fide, and otherwise complete.

2.5 Authority for approving Operational Guidelines

Credit Risk Management Committee is empowered to approve all operational guidelines.

2.6 Disclosure of the Policy

The Policy for Export of Goods and services, Import of Goods and services and Remittances- Outward and Inward is meant for internal use of staff and would be placed on the Bank's intranet. The Bank shall disclose the policy and the main features

of the SOP for Export and Import of Goods and services at banks website as per the RBI guidelines.

2.7 Ownership of the Policy

IBD is the owner division for implementation of the policy and all aspects of operational guidelines and procedures. However, IRMD shall do the periodic review of the policy.

2.8 Validity & Review of the Policy

The policy shall remain valid for twelve (12) months from the date of approval by the Board and shall be subject to annual review. Further, Functional Committee, i.e., CRMC shall be authorised to:

- i) Incorporate any changes necessitated in the policy for the interim period up to the next review, due to regulatory pronouncements made during the validity period of the policy;
- ii) Extend validity of the policy for period up to three (3) months, and the Board will be informed of such extension subsequently, at the time of annual review.

2.9 Reporting:

The reporting of various statements for Export and Import of Goods and Services, & Remittances- Outward and Inward shall be reported as per extant RBI guidelines in place, well within stipulated time.

2.10 Relaxations/Deviations/Exclusions

The Policy will not cover the activity not defined herein the policy.

A. List of References including related policies/forms, RBI circulars:

- i. RBI Master Direction on Export and Import of Goods and Services vide A.P. (DIR Series) Circular No. 20 dated January 16, 2026
- ii. Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 Notification No. FEMA 23(R)/2026-RB dated January 13, 2026 as amended from time to time.
- iii. Foreign Exchange Management (Guarantees) Regulations, 2026 Notification No. FEMA 8(R)/2026-RB dated June 05, 2026.
- iv. Latest Foreign Trade Policy
- v. Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023 Notification No. FEMA 14(R)/2023-RB dated December 21, 2023, Amended up to February 12, 2025.
- vi. FEDAI RULES 10th edition last Updated up to 05 April 2024.
- vii. RBI Master Direction No. 7/2015-16 dated January 1, 2016 (Updated as on September 06, 2024)
- viii. RBI Master Direction No. 8/2015-16 dated January 1, 2016 (Updated as on May 06, 2026)
- ix. Guidelines to facilitate faster cross-border inward payments RBI/2026-27/08 CO. DPSS. ID. No. S20/06-08-017/2026-2027 dated April 09, 2026.

OPERATIONAL GUIDELINES FOR EXPORT & IMPORT OF GOODS & SERVICES

Division : International Banking and Trade
Finance Division
Version : 2026_IBD_1.0



Guidelines Custodian

Division	International Banking and Trade Finance Division
Officer in-charge	Divisional Head
Guidelines Contact	ibd@pnb.bank.in

Guidelines Version Control

S. No.	Version Number	Version Date	Summary of changes
1	2026_IBD_1.0	07.09.2026	Regulatory changes, Consolidation and Revision of Import/Export guidelines as per revised regulation FEMA 23R

Guidelines Governance

Frequency of Review	Annual
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Approval Path	CRMC
Supersedes	IBD Forex Cir. No. 46/2025 dated 04.08.2025

1. Policy Reference

The policy for Export and Import of Goods and Services from India as detailed in the Master Direction on Export and Import of Goods and Services has operational procedures which is being covered in this part of the policy. The operational guidelines shall be interpreted in line with RBI Master Direction on Export and Import of Goods and Services vide A.P. (DIR Series) Circular No. 20 dated January 16, 2026 and Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026.

Bank shall handle the business of export and Import of goods and services through its AD Branches and processing of these transactions will be done at Trade Finance Centers after ensuring Regulatory compliance and bank's guidelines. All concerned offices will be governed within the framework of this policy.

The operational guidelines will be applicable to all branches/offices across the bank authorised to undertake the business. These operational guidelines will facilitate authorised branches to follow the modalities for undertaking the export and import transactions.

2. Guidelines Details:

2.1 Introduction

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

We may conduct export and Import transactions in conformity with the Foreign Trade Policy in vogue and the Rules framed by the Government of India and the Directions issued by Reserve Bank from time to time. In exercise of the powers conferred by the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank has notified the Foreign Exchange Management (Export and import of Goods and Services) Regulations, 2026.

Bank shall handle the business of export and import of goods and services through its AD Branches and processing of these transactions will be done at Trade Finance Centres based on the extant Bank/RBI/Other guidelines.

The revised regulations would apply prospectively to transactions initiated on or after October 1, 2026. The transactions initiated prior to October 1, 2026, where a subsequent leg remains pending or where the transaction itself is yet to be regularised, may continue to be processed by Branches, provided such transactions are not in contravention of the applicable FEMA regulations. Any transaction involving a contravention of FEMA provisions, or any exception falling outside the delegated

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powers of AD Bank under the revised FEMA framework, shall be referred to the Reserve Bank of India for the necessary approval.

The Bank shall send all references to the Reserve Bank through PRAVAAH (Platform for Regulatory Application, Validation and Authorisation) portal launched by the Reserve Bank of India for applying regulatory approvals, clearances and licenses and inform any doubtful transaction to the Directorate of Enforcement (DoE).

Bank has to follow normal banking procedures and adhere to the provisions of Uniform Customs and Practices for Documentary Credits (UCPDC), etc., while opening letters of credit for import into India on behalf of their constituents.

For issuance of guarantees, Branches to be guided by Foreign Exchange Management (Guarantees) Regulations, 2026.

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

The provisions of Income Tax Act/ GST act, wherever applicable, to be complied with.

Where specific regulations do not exist, AD branches may be governed by normal trade practices. AD branches may particularly note to adhere to "Know Your Customer" (KYC) guidelines issued by Reserve Bank (Department of Banking Regulation) in all their dealings.

There is no restriction on invoicing of export contracts in Indian Rupees in terms of the Rules, Regulations, Notifications and Directions framed under the Foreign Exchange Management Act 1999. Further, in terms of Para 2.52 of the Foreign Trade Policy (2023),

- a) All export contracts and invoices shall be denominated either in freely convertible currency or Indian rupees but export proceeds shall be realized in freely convertible currency.
- b) However, export proceeds against specific exports may also be realized in rupees, provided it is through a freely convertible Vostro account of a non-resident bank situated in any country other than a member country of Asian Clearing Union (ACU) or Nepal or Bhutan.

Additionally, rupee payment through Vostro account must be against payment in free foreign currency by buyer in his non-resident bank account. Free foreign exchange remitted by buyer to his non-resident bank (after deducting bank service charges) on account of this transaction would be taken as export realization under export promotion schemes of FTP.

- c) Contracts (for which payments are received through Asian Clearing Union (ACU)) shall be denominated in ACU Dollar. However, participants in the ACU may settle their transactions in ACU Dollar or in ACU Euro as per RBI Notifications. Central Government may relax provisions of this paragraph in appropriate cases. Export contracts and invoices can be denominated in Indian rupees against EXIM Bank/Government of India line of credit.

- d) Invoicing, payment and settlement of exports and imports is also permissible in INR subject to compliances as under RBI's. Accordingly, settlement of trade transactions in INR shall take place through the Special Rupee Vostro Accounts opened by AD banks in India as permitted under Regulation 7(1) of Foreign Exchange Management (Deposit) Regulations, 2016, in accordance with the following procedures:
- Indian importers undertaking imports through this mechanism shall make payment in INR which shall be credited into the Special Vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller /supplier.
 - Indian exporters, undertaking exports of goods and services through this mechanism, shall be paid the export proceeds in INR from the balances in the designated Special Vostro account of the correspondent bank of the partner country.
- e) In the wake of signing of Memorandum of Understanding (MoU) between RBI and Maldives Monetary Authority in November 2024 for establishing a framework to promote the use of local currencies i.e., Indian Rupee (INR) and Maldivian Rufiyaa (MVR) for bilateral transactions, it has been decided that India's bilateral trade transactions with Maldives may also be settled in INR and/or MVR in addition to the ACU mechanism, as hitherto.

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

(vii) Any reference to the Reserve Bank should first be made to the Regional Office of the Foreign Exchange Department situated in the jurisdiction where the applicant person resides, or the firm / company functions, unless otherwise indicated. For this purpose, AD Branches (including CBB/MCB/LCB/ELCB) will approach RBI Regional Office through their concerned Zonal Office. Zonal office will send the reference to HO: IBD for communication with RBI regional offices through RBI's PRAVAAH portal (Platform for Regulatory Application, Validation and Authorisation) portal launched by the Reserve Bank of India for applying regulatory approvals, clearances and licenses.

If, for any particular reason, they desire to deal with a different office of the Foreign Exchange Department, they may approach the Regional Office of their jurisdiction for necessary approval. Such references should be routed through the Compliance Head of the AD bank.

Accordingly, in such cases, Zonal Offices shall approach HO: IBD, and HO: IBD shall approach the respective Regional Office through Compliance Head of the bank, for necessary approval.

2.2 Declaration of Export

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

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

Provided further that a traveller moving personal effects (which are either accompanied or unaccompanied) from India shall not be treated as exporter for the purpose of Foreign Exchange Management (Export and import of Goods and Services) Regulations, 2016 as amended from time to time.

In the case of a non-EDI port for export of goods; or where the specified authority for export of services is other than an Authorised Dealer, the duly authenticated EDF, shall be forwarded by the specified authority to the respective Authorised Dealer.

2.2.1 Export of goods through Customs ports:

AD Branch should ensure the receipt of shipping documents issued by the Customs. In case the documents are negotiated / sent for collection then the concerned person should report the transaction through Export Data Processing and Monitoring System (EDPMS) to the Reserve Bank after the documents have been negotiated / sent for collection and retain the documents at their end. Where duplicate copy of EDF is misplaced or lost, branches may accept copy of duplicate EDF duly certified by Customs.

2.2.2 Export of goods/software done through EDI ports:

The manner of disposal of EC (Exchange Control) copy of Shipping Bill shall be the same as that for EDF. The duplicate copy of the form together with a copy of invoice, etc., shall be retained by AD Branches and may not be submitted to the Reserve Bank. The question of disposal of EC copy of shipping bill will, however, not arise where EC copy of shipping bill is not printed in terms of CBEC's Circular No.55/2016-Customs dated November 23, 2016 and data of shipping bill is integrated with EDPMS.

2.2.3 Export of goods through post:

Postal Authorities shall allow export of goods by post only if the original copy of the EDF has been countersigned by an AD. Therefore, EDF which involve sending goods by post should be first presented by the exporter to AD branch for countersignature as per the procedure laid down by RBI.

- (i) AD Branch shall countersign EDF after ensuring that the parcel has been addressed to their branch or correspondent bank in the country of import and return the original copy to the exporter, who shall then submit the EDF to the post office with the parcel.
- (ii) The duplicate copy of EDF shall be retained by the AD Branch to whom the exporter shall submit relevant documents together with an extra copy of invoice for negotiation/collection, within the prescribed period of 21 days.

- (iii) The concerned overseas branch or correspondent shall be instructed to deliver the parcel to consignee against payment or acceptance of relative bill.
- (iv) AD Branch may, however, countersign EDF covering parcels addressed direct to the consignees, provided:
- a) An irrevocable letter of credit for the full value of export has been opened in favor of the exporter and has been advised through the AD Branch concerned.
 - or
 - b) The full value of the shipment has been received in advance by the exporter through an AD Branch.
 - or
 - c) The AD Branch is satisfied, on the basis of the standing and track record of the exporter and the arrangements made for realization of the export proceeds.

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

- (v) Any alteration in the name and address of consignee on the EDF form should also be authenticated by AD Branch under its stamp and signature.

2.2.4 Mid-sea trans-shipment of catch by deep sea fishing vessels:

- (i) Since deep sea fishing involves continuous sailing outside the territorial limit, trans-shipment of catches takes place in the high sea leading to procedural constraints in regulatory reporting requirement viz. the Declaration of Export in terms of Notification No.FEMA.23(R)/2026-RB dated January 16, 2026.
- (ii) For mid-sea trans-shipment of catches by Indian owned vessels, as per the norms prescribed by the Ministry of agriculture, Government of India, the EDF declaration procedure in this regard has been rationalised in consultation with the Government of India as outlined below should be followed by the exporter in conformity with Regulation 3 of Notification No.FEMA.23 (R)/2026-RB dated January 16, 2026.
 - a) The exporters may submit the EDF, duly signed by the Master of the vessel in lieu of Custom certification, indicating the composition of the catch, quantity, export value, date of shipment (date of transfer of catch), etc duly supported by a certificate from an international cargo surveyor.
 - b) Bill of Lading / receipt of trans-shipment issued by the carrier vessel should include the EDF Number.
 - c) The prescribed period of realization and repatriation should be reckoned with reference to the date of transfer of catch as certified by the Master of the vessel or the date of the invoice, whichever is earlier.

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- d) The EDF, both original and duplicate, should indicate the number and date of Letter of Permit issued by Ministry of Agriculture for operation of the vessel.
- e) The exporter will complete the EDF in duplicate and both the copies may be submitted to the Customs at the registered port of the vessel or any other port as approved by Ministry of Agriculture. EDF (Original) will be retained by Customs for capturing of data in Customs' Electronic Data Interchange.
- f) Customs will give their running serial number on both the copies of EDF and will return the duplicate copy to the exporter as the value certification of the export has already been done as mentioned above.
- g) Rules, Regulations and Directions issued in respect of the procedure for submission of the EDF by exporter to the AD Category-I banks, and the disposal of these forms by these banks will be same as applicable to the other exporters.

Such business shall be handled by the AD branches and processing of these transactions will be done at Trade Finance Centres after ensuring compliance of regulatory as well as Bank's guidelines.

2.2.5 SOFTEX Forms:

Where the exporter approaches STPI as the specified authority, the existing mechanism of SOFTEX will continue. Information will flow from STPI to the AD Bank through the EDPMS / any other identified system. Since the SOFTEX data from STPI/SEZ are being transmitted in electronic format to RBI, the exporters have to submit the SOFTEX form in duplicate as per the revised procedure.

For cases where exporter approaches AD Bank as the specified authority, EDF form will be submitted to AD Branch for uploading in EDPMS / any other identified system.

For cases where the specified authority is AD Bank and EDF is submitted to AD branch, the AD Branch to upload the information and the value of service declared in the EDF form in EDPMS / any other identified system.

2.2.6 Citing of specific identification numbers:

In all applications/ correspondence with the Reserve Bank, the specific identification number as available on the EDF forms should invariably be cited.

2.2.7 Export of services:

An exporter of services shall furnish to the specified authority, a declaration in EDF (Export Declaration Form) specifying the amount representing the full export value of services, within 30 days from the end of month in which invoice for services has been raised, provided that:

- (a) the exporter of services who has exported services to one or more recipients in a month, may submit a single EDF for all such exports;**
- (b) the exporter of services other than software, may submit an EDF on or before the date of receipt of payment;**
- (c) the AD Branch may, on a request from the exporter citing reasons for delay, extend the period for submission of the EDF for 6 months after satisfying itself about the reasonableness of the request. Any further, Extension in case of delay may be permitted by CHCAC/CBB/MCB/LCB/ELCB Head (AGM & Above) on the merits of the case. The details of such extension beyond 6 months to be reported to sanctioning authority in case of borrowal accounts at the time of review/renewal/enhancement.**

The exporter shall be liable to realize the amount of foreign exchange which becomes due or accrues on account of such export, and to repatriate the same to India in accordance with the provisions of the Act and these Regulations as also other rules and regulations made under the Act.

2.2.8 Third party export proceeds:

Realization of export proceeds in respect of export of goods / software from third party should be duly declared by the exporter in the appropriate declaration form.

2.2.9 Random verification:

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

2.2.10 Short Shipments and Shut out Shipments:

- (i) When part of a shipment covered by an EDF already filed with Customs is short-shipped, the exporter must give notice of short- shipment to the Customs in the form and manner prescribed. In case of delay in obtaining certified short-shipment notice from the Customs, the exporter should give an undertaking to the AD Branch to the effect that he has filed the short- shipment notice with the Customs and that he will furnish it as soon as it is obtained.**
- (ii) Where a shipment has been entirely shut out and there is delay in making arrangements to re-ship, the exporter will give notice in duplicate to the Customs in the form and manner prescribed, attaching thereto the unused duplicate copy of EDF and the shipping bill. The Customs will verify that the shipment was actually shut out, certify the copy of the notice as correct and forward it to the Reserve Bank together with unused duplicate copy of the EDF. In this case, the original EDF received earlier from Customs will be cancelled. If the shipment is made subsequently, a fresh set of EDF should be completed.**

2.2.11 Consolidation of air cargo/ sea cargo:

(i) Consolidation of Air Cargo:

- a) Where air cargo is shipped under consolidation, the airline company's Master Airway Bill will be issued to the Consolidating Cargo Agent. The Cargo agent in turn will issue his own House Airway Bills (HAWBs) to individual shippers.
- b) AD Branch may negotiate HAWBs only if the relative letter of credit specifically provides for negotiation of these documents in lieu of Airway Bills issued by the airline company.

(ii) Consolidation of Sea Cargo:

- a) Bank may accept Forwarder's Cargo Receipts (FCR) issued by IATA approved agents, in lieu of bills of lading, for negotiation / collection of shipping documents, in respect of export transactions backed by letters of credit, if the relative letter of credit specifically provides for negotiation of this document, in lieu of bill of lading even if the relative sale contract with the overseas buyer does not provide for acceptance of FCR as a shipping document, in lieu of bill of lading.
- b) Authorized Dealers may, at their discretion, also accept FCR issued by Shipping companies of repute/IATA approved agents (in lieu of bill of lading), for purchase/discount/collection of shipping documents even in cases where export transactions are not backed by letters of credit, provided their 'relative sale contract' with overseas buyer provides for acceptance of FCR as a shipping document in lieu of bill of lading. However, the acceptance of such FCR for purchase/discount would purely be the credit decision of our bank. Further, our bank should inter-alia satisfy itself about the bona fides of the transaction and the track record of the overseas buyer and the Indian supplier as FCRs are not negotiable documents. It would be advisable for the exporters to ensure due diligence on the overseas buyer, in such cases.

Risk Associated in Accepting FCR In Lieu of Bill of Lading:

It is a document issued by a freight forwarder or freight consolidator indicating receipt of goods from the seller and held on behalf of the buyer. Goods are generally received in the seller's country and the forwarder/consolidator will arrange shipment to the buyer according to the buyer's instructions.

- i. The FCR is not a negotiable document. It does not bestow upon its holder the legal right to claim the cargo.
- ii. It is merely evidence of what has been received by the forwarder. Hence, it is not the concrete proof of shipment having taken place.
- iii. Since the FCR is not a negotiable document, claim from shipping company, is not legally tenable.
- iv. The buyer named in the FCR may obtain the delivery of goods without producing the original FCR and the shipping company is not legally liable to the holder of the original FCR as it is not a negotiable document. Thus, the bank purchasing/ discounting the documents do not have any hold over the goods.

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- v. In case of FCR shipment, even the exporter does not have any hold over the goods once the same are delivered to the cargo agent against FCR. The buyer can take delivery of the goods without producing the original FCR, thus depriving the exporter of the value of exports as well as the goods.

Delegated Powers for accepting FCR as Shipping Documents:

S.N.	Particulars	Sanctioning Authority
1.	Acceptance of FCR in lieu of Bill of Lading in case of Collection Bills, where bank has not given finance to the exporter against that bill.	Branch Head irrespective of scale.
2.	Acceptance of FCR in lieu of Bill of Lading in cases where bank has given finance to the exporter against that bill.	MCC and above may permit the acceptance of FCR. In case of Borrowal account of MCC /CBB /MCB /LCB /ELCB, if the acceptance of FCR is not part of the sanction, In charge MCC/CBB/MCB/LCB/ELCB may permit the acceptance of FCR. However, MCC/CBB/MCB/LCB/ELCB to ensure that at the time of renewal / review of the limits the same is incorporated in the process note & thereafter acceptance of FCR shall be permitted subject to approval from sanctioning authority. In case CBB is headed by Chief Manager, approval shall be taken from CHCAC.

Other conditions:

It is a document issued by a freight forwarder or freight consolidator indicating receipt of goods from the seller and held on behalf of the buyer. Goods are generally received in the seller's country and the forwarder/consolidator will arrange shipment to the buyer according to the buyer's instructions.

- (i) The facility of accepting FCR as a shipping document shall be permitted only if;
- a) Letter of Credit specifically provides for acceptance of FCR in lieu of Bill of Lading if the shipment is under Letter of Credit
or
b) The sale contract (in case of non-Letter of Credit transactions) provides acceptance of FCR as a shipping document in lieu of Bill of Lading.
- (ii) Bank will obtain credit worthiness report (Credit Information Report) on overseas buyer from Bank approved credit information agencies and Credit Report should not have any adverse remarks on the buyer/importer.

- (iii) The overseas buyer is not on the adverse list of ECGC, SAL List of ECGC, etc.
- (iv) Exporter is not on the Caution list/ defaulter list of RBI/ECGC.
- (v) FCRs issued by Shipping Companies of Repute/ IATA approved agents shall only be accepted.
- (vi) The risks associated with FCR shall be advised to the exporter to enable him to ensure due diligence on overseas buyers.
- (vii) In case the exporter decides to accept FCR as a shipping document in lieu of Bill of lading, in respect of specified buyers, the same should be mentioned in the loan proposal by the exporter along with the justification for the same.
- (viii) Sanctioning authority will assess the risks associated with FCR and convey acceptability of FCR in respect of specified overseas buyer(s) only in the sanction itself after ensuring due diligence of the overseas buyer(s) and exporter.
- (ix) Sanctioning Authority shall sanction a sub-limit out of total limit up-to, which the export document with FCR as shipping documents shall be permitted for purchase/discount/negotiation and the facility will be made part of credit sanction.
- (x) Sanctioning authority to ensure that amount of overdue bill outstanding for the exporter should not exceed 10% of last financial year's export turnover.
- (xi) Branch Head to ensure that at the time of Purchase/ Negotiation/Discounting, there should not be any overdue bill outstanding against the same buyer.
- (xii) ECGC does not prohibit discounting/negotiation/purchase of documents accepted under FCR. In order to ensure export of goods, all concern branches to obtain certificate of goods shipped on board from Shipping line/Shipping agent before discounting/negotiation/ purchase of documents under FCR.
- (xiii) The above mentioned conditions will also be applicable to acceptance of FCR in lieu of Bill of lading in case of collection of Bills except Sl. No. (ix), where bank has not given any finance to the exporter against the said bill.

2.3 Manner of Receipt and Payment:

(1) The amount representing the full export value of the goods exported shall be received through an AD Bank in the manner specified in the Foreign Exchange Management (Manner of Receipt & Payment) Regulations, 2023 (Amended up to February 12, 2025).

(2) When payment for goods sold to overseas buyers during their visits is received in this manner, EDF (duplicate) should be released by the AD Branch only on receipt of funds in their Nostro account or if the AD Bank concerned is not the Credit Card servicing, on production of a certificate by the exporter from the Credit Card servicing

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bank in India to the effect that it has received the equivalent amount in foreign exchange, AD Bank may also receive payment for exports made out of India by debit to the credit card of an importer where the reimbursement from the card issuing bank/ organization will be received in foreign exchange.

(3) Processing of export related receipts through Online Payment Gateway Service Providers (OPGSPs): Authorized Dealer Category – I (AD Category-I) bank have been allowed to offer the facility of repatriation of export related remittances by entering into standing arrangements with Online Payment Gateway Service Providers (OPGSPs) subject to the following conditions;

- a. Bank offering this facility shall carry out the due diligence of the OPGSP.
- b. This facility shall only be available for export of goods and services of value not exceeding USD 10,000 (US Dollar Ten Thousand).
- c. Bank providing such facilities shall open a NOSTRO collection account for receipt of the export related payments facilitated through such arrangements. Where the exporters availing of this facility are required to open notional accounts with the OPGSP, it shall be ensured that no funds are allowed to be retained in such accounts and all receipts should be automatically swept and pooled into the NOSTRO collection account opened by the AD Category-I bank.
- d. A separate NOSTRO collection account may be maintained for each OPGSP or the bank should be able to delineate the transactions in the NOSTRO account of each OPGSP.
- e. Under this arrangement, the permissible debits to the NOSTRO collection account are for repatriation of funds representing export proceeds to India for credit to the exporters' account, payment of fee/commission to the OPGSP as per the predetermined rates / frequency/arrangement; and charge back to the importer where the exporter has failed in discharging his obligations under the sale contract.
- f. The balances held in the NOSTRO collection account shall be repatriated and credited to the respective exporter's account with a bank in India immediately on receipt of the confirmation from the importer and, in no case, later than seven days from the date of credit to the NOSTRO collection account.
- g. Bank shall satisfy themselves as to the bona-fides of the transactions and ensure that the purpose codes reported to the Reserve Bank in the online payment gateways are appropriate.
- h. Bank shall submit all the relevant information relating to any transaction under this arrangement to the Reserve Bank, as and when advised to do so.
- i. Each NOSTRO collection account should be subject to reconciliation and audit on a quarterly basis.

- j. Resolution of all payment related complaints of exporters in India shall remain the responsibility of the OPGSP concerned.
- k. Bank desirous of entering into such an arrangement/s should report the details of each such arrangement as and when entered into the Foreign Exchange Department, Central Office, Reserve Bank of India, Mumbai.
- l. A start-up can realize the receivables of its overseas subsidiary and repatriate them through Online Payment Gateway Service Providers (OPGSPs).
- m. CGM-IBD or in his absence GM-IBD is vested with the power to approve and offer the facility of repatriation of export related remittances by entering into standing arrangements with Online Payment Gateway Service Providers (OPGSPs) subject to compliance of stipulated terms & condition as above.

(4) Settlement System under ACU Mechanism:

- i. In order to facilitate transactions / settlements, effective March 06, 2020, participants in the Asian Clearing Union will have the option to settle their transactions either in ACU Dollar or in ACU Euro or in ACU Japanese Yen. Accordingly, the Asian Monetary Unit (AMU) shall be denominated as 'ACU Dollar', 'ACU Euro' and 'ACU Yen' which shall be equivalent in value to one US Dollar, one Euro and one Japanese Yen, respectively.
- ii. Further, it is allowed to open and maintain ACU Dollar, ACU Euro and ACU Japanese Yen accounts with their correspondent banks in other participating countries. All eligible payments are required to be settled by the concerned banks through these accounts.
- iii. Relaxation from ACU Mechanism- Indo-Myanmar Trade - Trade transactions with Myanmar can be settled in any freely convertible currency in addition to the ACU mechanism.
- iv. In view of the difficulties being experienced by importers/exporters in payments to/receipts from Iran, RBI has decided that with effect from December 27, 2010, all eligible current account transaction including trade transactions with Iran should be settled in any permitted currency outside the ACU mechanism, until further notice.
- v. All eligible current account transactions including trade transactions with Sri Lanka may be settled in any permitted currency outside the ACU mechanism with effect from July 08, 2022, until further notice.
- vi. In view of the understanding reached among the members of the ACU during the 44th Meeting of the ACU Board in June, 2015, use of the Nostro accounts of the commercial banks of the ACU member countries, i.e., the ACU Dollar, ACU Euro and ACU Japanese Yen accounts, for settling the payments of both exports and imports of goods and services among the ACU countries is permitted.

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- vii. With effect from July 01, 2016, all eligible current account transactions including trade transactions in “Euro” are permitted to be settled outside the ACU mechanism until further notice. Therefore, all AD Branches are permitted to settle commercial and other eligible transactions in the same manner as other normal foreign exchange transactions.
- viii. Ineligible Payments: The following payments are not eligible to be settled through ACU mechanism:-
- (i) Payments between Nepal and India and Bhutan and India, exception being made in the case of goods imported from India by an importer resident in Nepal who has been permitted by the Nepal Rastra Bank to make payments in foreign exchange. Such payments may be settled outside ACU mechanism;
 - (ii) Payments that are not on account of export / import transactions between ACU members countries except to the extent mutually agreed upon between the Reserve Bank and the other participants; and
 - (iii) Such other payments as may be declared by the ACU to be ineligible for being channelled through the clearing facility.

(5) Settlement of Export Transactions in currencies not having a direct exchange rate: To further liberalize the procedure and facilitate settlement of export transactions where the invoicing is in a freely convertible currency and the settlement takes place in the currency of the beneficiary, which though convertible, does not have a direct exchange rate, RBI has decided that AD branches may permit settlement of such export transactions (excluding those put through the ACU mechanism), subject to conditions as under:

- i. Exporter shall be a customer of the AD Bank,
- ii. Signed contract / invoice is in a freely convertible currency,
- iii. 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,
- iv. Branch is satisfied with the bonafides of the transactions, and
- v. The counterparty to the exporter/ importer of the 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.

(6) Small Value Shipping Bills (new)

In the case of export where the shipping bill (for goods) or invoice (for services) is up to ₹10 lakh (or its equivalent in foreign currency), entry in EDPMS may be closed by AD branches based on a declaration from the exporter to the effect that the payment against the shipping bill / invoice has been realised either in full or otherwise.

Alternatively, such declaration may be submitted by an exporter to the AD Branch on a quarterly basis for bulk closure of entries in EDPMS;

Further that in the case of import where the Bill of Entry (for goods) or invoice (for services) is up to ₹10 lakh (or its equivalent in foreign currency), entry in IDPMS may be closed by AD branch based on a declaration from the importer to the effect that the payment for import has been made either in full or otherwise.

Alternatively, such declaration may be submitted by an importer to the AD Branch on a quarterly basis for bulk closure of entries in IDPMS.

2.4 Time period for Realisation of exports:

As per RBI guidelines it is obligatory on the part of the exporter to realize and repatriate the full value of exports to India within a stipulated period. Provided further that the Bank may, on request by an exporter citing reasons for the delay, allow extension of time for realisation of export proceeds beyond the specified period, if the Bank is satisfied of the reasons cited.

(i) The AD Branches may extend the period of realization of export proceeds beyond specified 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) The AD Branch 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, the total outstanding of the exporter does not exceed USD one million or 10 per cent of the average export realizations during the preceding three financial years, whichever is higher.
- e) In cases where the exporter has filed suits abroad against the buyer, extension may be granted irrespective of the amount involved /outstanding.

(ii) Cases which are not covered by the above instructions would require prior approval from the CGM Level Committee for International Banking.

(iii) Reporting should be done in EDPMS or similar platform by whatever named called.

(iv) AD Branches to follow up with the exporter to realise export proceeds within the period specified above including extension (if any). Nodal officer at Zonal office to monitor the outstanding entries under the jurisdiction and place quarterly note to Zonal Head. AD branches to report doubtful cases to the Regional Directorate of Enforcement (DoE) through the Zonal Office if an exporter has neither realized the export proceeds nor requested an extension or reduction, despite regular follow-up. A minimum of three Quarterly reminders to be sent to the exporter before initiating such reporting. Further, if a reminder

letter is returned undelivered, officials from the AD branch must conduct a physical visit to the exporter for contact point verification.

(vi) In cases where goods are exported to a warehouse outside India, the exporter must declare the actual date of sale of the goods from the warehouse to the respective AD branch, accompanied by necessary documentary evidence.

2.5 Reduction in the export realization:

The Bank may, on request from the exporter citing reasons for under-realisation or non-realisation of full export value, allow reduction in realisation of export value, provided the Bank is satisfied of the reasons cited.

Occasionally, exporters may approach branch for reduction in invoice value on account of cash discount to overseas buyers for prepayment of the usance bills. AD Branches 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/any other widely accepted / Alternative reference rate of the currency of invoice where rate of interest is not stipulated in the contract.

If, after a bill has been negotiated or sent for collection, its amount is to be reduced for any reason, or Exporter is not able to realize the outstanding export dues despite best efforts, AD branches may take necessary approval for such reduction from competent authority as below:

Branch	Reduction	Authority
GBB/CBB	Up to 10%	Branch Head
	Above 10% and up to 25%	CHCAC
	Above 25%	CGM level Committee for International Banking
MCB/LCB/ ELCB	Up to 25%	Branch Head
	Above 25%	CGM level Committee for International Banking

if satisfied about genuineness of the request, provided;

- a) Satisfactory documentary evidence is furnished indicating that the exporter had made all efforts to realize the export proceeds**
- b) The exporter is not on the exporters' caution list of the Reserve Bank,
- c) It does not relate to export of commodities subject to floor price stipulations, in cases of reduction in invoice value.
- d) The exporter is advised to surrender proportionate export incentives availed of, if any in respect of the relative export bill.

The case may fall under any of the undernoted categories:

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

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- (iii) The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country;
- (iv) The overseas buyer is not traceable over a reasonably long period of time.
- (v) The unrealized amount represents the undrawn balance of an export bill (not exceeding 10% of the invoice value) remaining outstanding that turned out to be unrealizable despite all efforts made by the exporter.
- (vi) The cost of resorting to legal action would be disproportionate to the unrealized amount of the export bill or where the exporter even after winning the Court case against the overseas buyer could not execute the Court decree due to reasons beyond his control.
- (vii) Bills were drawn for the difference between the letter of credit value and actual export value or between the provisional and the actual freight charges but the amounts have remained unrealized consequent to dishonor of the bills by the overseas buyer with no prospects of realization.
- (viii) Any other justified reason acceptable to the competent authority.

Provided that the AD branches may, on request of the exporter, allow reduction in realisation of export value of unrealized export bills without any limit in respect of cases falling under any of the categories specified at (i), (ii) and (iii) above provided AD branch is satisfied with the documentary evidence produced. In such cases, AD branch may also permit reduction in realisation of export value of outstanding amount of export bills, even where the documents have been directly dispatched by the exporter to the consignee or his agent resident in the country of final destination of goods.

Provided that where the export value is up to ₹ 10 lakh (or its equivalent in foreign currency) per shipping bill (for goods) or invoice (for services), the reduction of export value (including nonrealisation of full export value) may be permitted by AD branches, without any percentage ceiling, based on a declaration from the exporter. Such declarations may also be received on a quarterly basis from the exporters in a consolidated manner (by combining several bills in one declaration) for bulk reconciliation and closing of EDPMS entries.

Provided that in the case of exporters who have been in the export business for more than three years, reduction in export realisation may be allowed by CHCAC/LCB/ELCB Heads, for branches, 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 reckoning the percentage of export bills outstanding to the average export realizations during the preceding three financial years, outstanding of exports made to countries facing externalization problems may be ignored provided the payments have been made by the buyers in the local currency.

The AD branch shall obtain from the exporter, a certificate from Chartered Accountant indicating the export realization in the preceding financial year and details of the amount of reduction in realisation of export value, if any, already availed of during the current financial year along with the requisite details of the EDF/Export Bill under the request. The certificate shall also indicate that the export benefits, if any, availed by

the exporter have been surrendered.

The following cases, however, would not qualify for the reduction in realisation of export value facility:

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

AD Branch should report reduction in realisation of export value in EDPMS (or similar platform by whatever named called) to the Reserve bank.

AD Branch to ensure that their internal inspectors or auditors (including external auditors appointed by Bank) should carry out random sample check / percentage check of allowed reduction in realisation of export value.

Reduction in realisation of export value in cases of payment of claims by ECGC and private insurance companies Regulated by Insurance Regulatory and Development Authority (IRDA) by AD branches shall be based on an application received from the exporter supported by documentary evidence from the ECGC and private insurance companies regulated by IRDA confirming that the claim in respect of the outstanding bills has been settled by them, write off the relative export bills in EDPMS. Surrender of incentives, if any, in such cases will be as provided in the Foreign Trade Policy. The claims settled in rupees by ECGC, and private insurance companies regulated by IRDA should not be construed as export realization in foreign exchange.

All the designated authorities vested with the power to allow reduction in realisation of export value of exports bills are required to maintain proper record of all such cases for future references and statistical purposes.

2.6 Set off of Export receivables against import payables

AD Branch may deal with the following requests received from their Exporter/ Importer constituents for allowing set-off of outstanding export receivables against outstanding import payables:

- (i) Set-off of outstanding export receivables against outstanding import payables from/to the same overseas buyer/supplier.
- (ii) Set-off of outstanding export receivables against outstanding import payables with their overseas group/associate companies either on net basis or gross basis, through an in-house or outsourced centralized settlement arrangement.

The set-off shall be subject to following conditions:

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- a) The arrangement shall be operationalized/supervised through/by one AD bank only
- b) AD branch is satisfied with the bonafides of the transactions and ensures that there are no KYC/AML/CFT concerns;
- c) The invoices under the transaction are not under investigation by Directorate of Enforcement/Central Bureau of Investigation or any other investigative agency;
- d) Import/export of goods/services has been undertaken as per the extant Foreign Trade policy
- e) The export / import transactions with ACU countries are kept outside the arrangement;
- f) Set-off of export receivables against goods shall not be allowed against import payables for services and vice versa.
- g) AD bank shall ensure that import payables/export receivables are outstanding at the time of allowing set-off. Further, set-off shall be allowed between the export and import legs taking place during the same calendar year.
- h) In case of bilateral settlement, the set-off shall be in respect of same overseas buyer/supplier subject to it being supported by verifiable agreement/mutual consent.
- i) In case of settlement within the group/associates companies, the arrangement shall be backed by a written, legally enforceable agreement/contract. AD bank shall ensure that the terms of agreement are strictly adhered to.
- j) Set-off shall not result in tax evasion/avoidance by any of the entities involved in such arrangement.
- k) Third party guidelines shall be adhered to by the concerned entities, wherever applicable;
- l) AD bank shall ensure compliance with all the regulatory requirement relating to the transactions;
- m) AD bank may seek Auditors/CA certificate wherever felt necessary.
- n) Each of the export and import transaction shall be reported separately (gross basis) in FETERS/EDPMS/IDPMS (or similar platform by whatever named called), as applicable.
- o) AD bank to settle the transaction in E/IDPMS by utilizing the 'set-off indicator' and mentioning the details of shipping bills/bill of entry/invoice details being settled in the remark column (including details of entities involved).

2.7 Netting-off of export receivables against import payments – Units in (SEZs):

AD Branches may allow requests received from exporters for 'netting off' of export receivables against import payments for units located in Special Economic Zones subject to the conditions stipulated by RBI as under:

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

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

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

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

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

2.8 Third Party Receipt and Payments

The AD branches may permit third party (other than the parties undertaking export and import) receipts and payments for export and import transactions upon being satisfied with the bonafides of the transactions.

The third-party payments for Export/Import transactions can be permitted subject to conditions as under: -

- i. Firm irrevocable order / tripartite agreement should be in place. However, it may not be insisted upon in cases where documentary evidence for circumstances leading to third party payments/name of the third party being mentioned in the irrevocable order/ invoice has been produced.
- ii. AD Branch should be satisfied with the bona-fides of the transaction, documents and should consider the FATF statements while handling such transaction.
- iii. Third party payment should be routed through the banking channel only;
- iv. The exporter should declare the third-party remittance in the Export Declaration Form and It would be responsibility of the Exporter to realize and repatriate the export proceeds from such third party named in the EDF; Reporting of outstanding, if any, would continue to be shown against the name of the exporter. However, instead of the name of the overseas buyer from where the proceeds have to be realised, the name of the declared third party should appear in the outstanding report;
- v. In case of shipments being made to a country in Group II of Restricted Cover Countries, (e.g. Sudan, Somalia, etc.), payments for the same may be received from an Open Cover Country; and
- vi. In case of imports, the Invoice should contain a narration that the related payment has to be made to the (named) third party, the Bill of Entry should mention the name of the shipper as also the narration that the related payment has to be made to the (named) third party and the importer should comply with the related extant instructions relating to imports including those on advance payment being made for import of goods.

Keeping in view the past track record of the customer, exception to the above conditions may be permitted by the CGM Level Committee for International Banking where transaction is Bonafide, otherwise complete and compliant in all aspects.

2.9 Time period for making import payment:

(i) AD branches may consider granting extension of time for settlement of import dues up to a period of six months at a time (maximum total up to the period of three years from date of BoE), 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, **or other justified reason.**

(ii) While granting extension of time, it must be ensured that:

- a) The import transactions covered by the invoices are not under investigation by Directorate of Enforcement/Central Bureau of Investigation or other investigating agencies;
- b) While considering extension beyond one year from the date of remittance, the total outstanding of the importer does not exceed USD one million or 10 per cent of the average import remittances during the preceding two financial years, whichever is lower; and
- c) Where extension of time has been granted by the AD branches, the date up to which extension has been granted may be indicated in the 'Remarks' column.

(iii) Cases not covered by the above instructions / beyond the above limits, may be referred to the CGM Level Committee for International Banking on merits of the case, after confirmation of the AD branch that the transaction is otherwise bonafide, complete and compliant in all aspects.

(iv) The above 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.

It is mandatory on the part of AD branches to obtain all the requisite documents, as per applicable laws in force, from the importers and satisfy itself about the bonafide of the transactions before affecting the remittance through Trade Finance Centers (TFCs).

Except for goods included in the negative list which require license under the Foreign Trade Policy in force, AD branches may freely open letters of credit and allow remittances for import. While opening letters of credit, the 'For Exchange Control Purposes', copy of the licence(s) should be called for and adherence to special conditions, if any, attached to such licenses should be ensured. After effecting remittances under the license, AD branches should preserve the copies of utilized licence(s) for verification by the FEMA / Concurrent/Regular auditors in accordance with the record maintenance policy of the Bank or till they are verified whichever is later.

Branches shall monitor its IDPMS entries and follow up with the respective importer for making payment for its imports within the period specified in the underlying contract. AD branches may, on request from the importer citing reasons for the delay, allow extension of time for making payment, beyond the period specified in the contract, if the Bank is satisfied of the reasons cited.

2.10 Interest on Advance payment / delayed payment for exports and imports:

An exporter, or an importer, as the case may be, shall ensure that interest payable, if any, on advance payment received for export, or on delayed payment for imports, shall not exceed the all-in-cost ceiling of trade credit in terms of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.

2.10.1 Interest on Import Bills

- a) AD branches may allow payment of interest on usance bills or overdue interest on delayed payments for a period of less than three years from the date of shipment as per rate prescribed for trade credit from time to time.
- b) In case of pre-payment of usance import bills, remittances maybe made only after reducing the proportionate interest for the unexpired portion of usance at the rate at which interest has been claimed or LIBOR /any other widely accepted/Alternative reference rate of the currency in which the goods have been invoiced, whichever is applicable. Where interest is not separately claimed or expressly indicated, remittances may be allowed after deducting the proportionate interest for the unexpired portion of usance at the prevailing LIBOR/ any other widely accepted/Alternative reference rate of the currency of invoice.
- c) In case of change in value due to (a) or (b) above, the respective AD branch should ensure proper remark/indicator is entered for ORM mark off in IDPMS, etc., as per extant IDPMS guidelines.
- d) The correctness and genuineness of the interest so paid needs to be verified at respective Trade Finance Centre before remittance.

2.10.2 Interest on advance against exports:

- a) AD branches may allow payment of interest on advance against exports from the date of advance as per rate prescribed for trade credit from time to time. Provided that in the event of the exporter's inability to make the shipment, partly or fully, within 3 year or contract period, whichever is later, from the date of receipt of advance payment, no remittance towards payment of interest, shall be made after the expiry of the said period.
- b) EDPMS will capture the details of advance remittances received for exports in EDPMS. Henceforth, Branches through TFC Delhi should report all the inward remittances including advance as well as old outstanding inward remittances received for export of goods/ software to EDPMS. Further, Branches through TFC Delhi should need to report the electronic FIRC to EDPMS wherever such FIRCs are issued against inward remittances.

2.11 Import of gold and silver

2.11.1 Import of Gold by Bank

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(i) The 20:80 scheme of import of gold was withdrawn on November 28, 2014. However, the obligation to export under the 20:80 scheme would apply to the unutilised gold imported before November 28, 2014.

(ii) Nominated banks and nominated agencies, as notified by DGFT, are permitted to import gold on consignment basis. In addition to the above, qualified jewellers as notified by International Financial Services Centres Authority (IFSCA) will be permitted to import gold under specific ITC (HS) Codes through India International Bullion Exchange IFSC Limited (IIBX). All sale of gold domestically will, however, be against upfront payment. Nominated banks are free to grant gold metal loans. Further, DGFT vide notification no. 44/2023 dated 20th November 2023 added that Valid India-UAE TRQ (Tariff Rate Quota) Holders as notified by IFSCA can import gold through IIBX against the TRQ and can obtain physical delivery of the same through IFSCA registered vaults located in SEZs as per the guidelines prescribed by IFSCA.

(iii) The Status Holder Exporters shall adhere to the guidelines contained in extant Foreign Trade Policy, as amended from time to time.

(iv) The import of gold coins and medallions is permitted. However, prohibition on sale of gold coins and medallions by bank continues pending further review. HO: Treasury Division of our Bank shall submit the following statements on CIMS portal (URL: <https://sankalan.rbi.org.in>): -

- a) Statement on half yearly basis (end March / end September), showing the quantity and value of gold imported by the nominated banks/ agencies/ qualified jewellers/ EOUs/ SEZs in Gem & Jewellery Sector, mode of payment-wise. Return Code "R133"
- b) Statement on monthly basis showing the quantity and value of gold imports by the nominated agencies (other than the nominated banks)/ EOUs/ qualified jewellers/ SEZs in Gem & Jewellery sector during the month under report as well as the cumulative position as at the end of the said month beginning from the 1st month of the Financial Year. Return Code "R132".

Both the statements shall be submitted, even if there is 'Nil' position, by the 10th of the following month / half year, to which it relates.

2.11.2 Authorisation to import of Gold/Silver: The Bank obtains license from RBI to import Gold and Silver, which is renewable from time to time. As per License dated march 25, 2026, the authorisation is granted to the bank for import of gold and silver from April 01, 2026 to March 31, 2029, for period of three years.

2.11.2.1 Bank imports Gold/Silver on behalf of importer clients for the following purposes:

- (i) Sale in the domestic market to manufacturers /exporters of jewellery

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- (ii) Existing customers availing GML credit facilities (as per current license).
- (iii) Holder of Special Import Licenses (SIL)
- (iv) to support Gold Monetization Scheme

2.11.2.2 On the basis of RBI guidelines on import of gold/silver and import licence obtained from RBI, the Bank provides the following facilities for gold import:

- (i) Import of Gold on Loan basis: This category of import is to serve the existing Gold Metal Loan (GML) clients of the Bank as per existing GML policy.
- (ii) Import of Gold/Silver on consignment basis: In this category of import, Bank imports gold/silver from overseas supplier wherein the ownership of the goods rest with the supplier and the bank (Consignee) will be acting as an agent of the supplier (Consignor). Remittances towards the cost of import shall be made as and when sales take place as per provisions of agreement entered between the overseas supplier (consignor) and Bank (Consignee).

2.11.3 Authorisation of Branches:

Authorisation of Branches to handle the Import of Gold/ Silver is vested with CGM-IBD or in his absence GM-IBD upon receipt of recommendation from Zonal Office on basis of business prospects. Zonal Manager will ensure availability of necessary infrastructure at identified branch to handle such business before recommending for authorisation.

2.11.4 Approval of foreign supplier:

Approval of foreign supplier (foreign banks /companies) shall be done by CGM level Committee for International Banking.

Upon approval, CM/AGM and Divisional Head at HO: IBTFD are authorized to execute the agreement and addendum of an agreement.

- (i) Parameters for approval of a Bank as foreign supplier of Gold/Silver:

S. No.	Parameter	Compliance requirement
1	Due Diligence	Availability of following: a) Bank License b) Certificate of Incorporation c) Policy on AML/KYC/CFT d) Wolfsberg AML questionnaire (not older than a year) e) PNB AML/CFT questionnaire f) Details of Board of Directors/Management, their due diligence. g) Clearly defined internal policies and controls related to bullion business.
2	Financials	The Bank should be in profit for at least 3 years out of the last 5 audited FY.

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S. No.	Parameter	Compliance requirement
3	Date of Establishment	5 years of Existence
4	Country Risk Rating	Not below 'B2' category ECGC country risk rating
5	Rating of the Bank	Not below the following short term Rating: Fitch: F3 S&P: A3 Moody's: P3
6	Shell Bank	No Relationship will be established with Shell Banks.
7	Banks located in High Risk, FATF non-compliant/ deficient countries/non-cooperative jurisdictions	Observe caution while establishing relationship with foreign banks located in jurisdictions which have strategic deficiencies or have not made sufficient progress in implementation of FATF recommendations and also FATC list of High Risk and non-cooperative jurisdictions.
8	Entities located in Sanctions Lists	Entities located in countries placed under US, EU, UN sanction lists are not permitted.

Further, over and above the parameters set forth, the bank should also provide declaration to the effect that they are compliant with the Responsible Gold Mining Principles (RMGPs) prescribed by World Gold Council and adhere to World Gold Council conflict-free gold standard. Preference is to be given to international dealers based within the country for smooth business operations.

- (ii) Parameters for approval of a non-banking corporate entity as foreign supplier of Gold/Silver:

S. No.	Parameters
1	Shell companies are not permitted
2	Entities located in countries placed under US, EU, UN sanction lists are not permitted.
3.	Entities in high risk countries (C1, C2 & D) and as per ECGC country risk rating are not to be permitted
4	Credit report of the company to be obtained from approved credit rating agencies.
5	Caution is to be exercised while entering into agreement with entities located in jurisdictions which have strategic deficiencies or have not made sufficient progress in implementation of FATF recommendations and countries identified and placed in FATF list as high risk and non-cooperative jurisdictions.
6	Clearly defined internal policies and controls.
7	The entity should have robust AML/KYC/CFT guidelines and controls.
8	Financials during the last 5 years should be satisfactory and should be in profit for last 3 years.
9	License for dealing in bullions from the competent authority (ies)

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10	Entities should provide a declaration to the effect that they are compliant with the Responsible Gold Mining principles (RMGPs) prescribed by World Gold Council and adhere to World gold Council conflict-free gold standard.
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Over and above the criteria mentioned above, any other aspects deemed relevant by the sanctioning authorities considering business prospects subject to appropriate justifications.

2.11.5 General

2.11.5.1 Roles:

The operational aspects pertaining to Import of Gold/precious metal such as placement of order with foreign supplier, fixing of gold price, negotiating with foreign suppliers, ensuring payment is done on due date, etc., shall be handled by Metal desk at Treasury Division.

Other aspects such as execution of agreement with foreign suppliers, etc., shall be handled at HO: IBD.

2.11.5.2 Placement of order:

Upon request of the customer, the designated AD branch shall place the indent for gold import with Metal desk, Treasury. If the customer belongs to other branch, the request shall be routed to a linked/nearest designated AD branch. In terms of RBI guidelines, no order for gold medallions and coins is to be undertaken by the designated AD branches. Branches to ensure that order is placed only on behalf of KYC compliant customers in terms of KYC/AML guidelines and after due completion of laid down formalities.

2.11.5.3 Quantity:

Minimum quantity for gold import is 500TT or 50 Kg gold bars which has to be sold within a period of 30 days. The minimum order quantity of Silver will be ascertained by Treasury Division on basis of demand and availability of consignment. A container load of Silver is to be sold within 30 days.

The minimum order quantity of consignment specified is indicative and may vary depending upon the terms of supply prescribed by the foreign supplier as per agreement, which may be ascertained from HO: Treasury Division at the time of placement of order.

2.11.5.4 Margin:

Minimum Margin of 10% is to be taken from the customer in case of gold import and 1% in case of Silver import. The amount of margin shall be calculated for quantity of Gold/Silver indented, on the basis of previous day London PM fixing rate. Where the customer has opted to take delivery of the gold in multiple consignments, the margin taken may be reduced proportionately.

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Note:

In case of Gold consignments, 10% margin is specified in line with margin obtained in respect of forward contracts to cover any adverse rate fluctuations.

In case of Silver consignments, 1% margin is specified which is as per prevalent market practice and ensure that customer's funds are not blocked since delivery of silver consignments takes 2-3 months to materialise and each order costs not less than Rs. 10 Crore.

In case the customer has opted for delivery of gold on unfixed basis, minimum margin of 110% is to be obtained from the Customer. Treasury shall place Good-To-Cancellation (GTC) order with foreign supplier upto the value of 105%. In the event that the customer has expressly requested for higher GTC and has provided higher margin, GTC should be atleast equivalent to margin minus 5% in order to provide cover to the bank for any adverse exchange rate fluctuations.

Margins stipulated above are minimum. Higher margins may be stipulated wherever deemed necessary.

2.11.5.5 Custom duty:

Custom duty at the applicable rate is to be recovered upfront at the time of placing indent. Designated AD branches shall ensure that Payment of custom duty and taxes as applicable are done in full. The designated authorised branches shall endeavor to execute the gold import transactions in such a manner that performance obligation shall not fall on the Bank.

2.11.5.6 Delivery:

- 1) Delivery on outright purchase basis:** The customer may have the option of receiving gold at the vault of the Bank/security agency/airport and the same is to be specified at the time of placing the indent. Minimum quantity for delivery is 5 Kg. Any delivery of less than 5 Kg may be allowed at the discretion of Treasury subject to availability. Designated Branches shall ensure that Gold is only delivered against payment.
- 2) Delivery on Unfixed Basis:** Gold may be delivered to customer on unfixed basis where gold is first delivered to the customer and pricing is done at a later date subject to obtention of prescribed margin. Pricing is to be done within 11 days from the date of handing over of bullion.

2.11.5.7 Extraordinary Circumstances:

In the event that the customer fails to take delivery of the imported gold within the specified timeline due to unavoidable circumstances, Treasury Division may take up with the foreign supplier for extension. If the gold remains undelivered even after extension, Treasury Division may co-ordinate with the authorised branches for disposal

of the gold to any interested party(ies). Margin so deposited with the bank by the original importer client will be forfeited for any losses/charges incurred.

2.11.5.8 Tax Implications:

In order to undertake precious metal import business, the authorised branches are required to register as per terms of the GST Act. Normally, one registration is enough for the authorised branches within a state. GST and TCS as applicable will be recovered from the customer and deposited with the concerned authorities as per laid down practices and procedures.

2.11.5.9 Holding of Stock at branch:

The stock to be kept in the joint custody of authorized officials and one of the officials will not be below the rank of Manager. The stock of the gold to be checked by other than the custodian on monthly basis as per HO: IAD guidelines for verification of articles in safe custody. The vault to be operated after ensuring that the CCTV is operational and video recording is taking place.

2.11.5.10 Insurance of gold stock:

Insurance for gold stock is obtained by HO: IBD for the bank as a whole and circulated to field functionaries through IBD Foreign Exchange circular. AD branches need not to obtain separate policy for this purpose.

2.11.5.11 Delegated Powers:

Delegated powers for handling any other matters with Import of Gold/precious metal is vested with CG-IBD or in his absence GM-IBD.

2.11.5.12 Control/Reporting Mechanism:

- (i) Authorised branches shall submit daily position of gold stock held at branch vaults to Treasury Division under copy to their respective COs/ZOs. In case of NIL statement, the same need not be submitted.
- (ii) Treasury Division shall monitor stocks of gold/silver held by all of the authorised branches. In case there is anticipation that the stock of gold/silver held at the branches' premises is likely to breach the level of insurance already obtained by the Bank, Treasury Division shall inform HO: IBD in time so that additional insurance cover may be obtained.
- (iii) Treasury Division to submit statement of the branch-wise position of gold/silver import to HO: IBD on monthly basis under copy to HO: Finance Division.
- (iv) All regulatory reporting related to import of gold and silver shall be done by HO: Treasury Division.
 - i. Data of gold/silver import by customers shall be provided by HO: IBD to HO: Treasury Division by 5th of every month for preceding month.
 - ii. TFC Delhi shall provide data of gold/silver imported by Qualified Jewellers to HO: Treasury Division by 5th of every month for preceding month.

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HO: Treasury Division shall include the details of gold import through IIBX and Gold import by customers under relevant section of the reporting format while doing periodic reporting on CIMS Portal under copy to HO: IBD.

2.11.5.13 Other guidelines:

In order for the bank to be able to import gold/silver on behalf of its customers, the bank must have a valid Importer Exporter Code (IEC) issued by DGFT. Obtention/renewal/updating of the IEC in DGFT is vested with HO: IBD and due intimation is to be given to Treasury for any change in the IEC.

2.11.6 Import of Gold/Silver by Qualified Jewellers as notified by IFSCA

(i) The following directions enable resident Qualified Jewellers to import gold/silver through IIBX or any other exchange approved by IFSCA and DGFT, Government of India:

- a) AD branch may allow Qualified Jewellers to remit advance payments for eleven days for import of Gold/Silver through IIBX in compliance to the extant Foreign Trade Policy and regulations issued under IFSC Act. Designated AD branch shall ensure that advance remittance for such import through exchange/s authorised by IFSCA shall be as per the terms of the sale contract or other document in the nature of an irrevocable purchase order in terms of IFSC Act and regulations made thereunder by IFSCA. Designated AD branches shall carry out all the due diligence and ensure the remittances sent are only for the bona fide import transactions through exchange/s authorised by IFSCA.
- b) The advance remittance for import of Gold/Silver should not be leveraged in what-so-ever form for importing Gold/Silver worth more than the advance remittance made.
- c) In case the import of Gold/silver through IFSCA authorised exchange, for which advance remittance has been made, does not materialise, or the advance remittance made for the purpose is more than the amount required, the unutilized advance remittance shall be remitted back to the same Designated AD branch within the specified time limit of eleven days.
- d) For gold/silver imported through IIBX, QJ shall submit the Bill of Entry (or any other such applicable document issued/approved by Customs Department for evidence of import), issued by Customs Authorities to the Designated AD branch from where advance payment has been remitted.
- e) All payments by Qualified Jewellers for imports of gold/silver through IIBX, shall be made through exchange mechanism as approved by IFSCA in terms of IFSC Act and regulations. Any deviation from the extant guidelines for import of Gold/Silver through IIBX need to be approved in advance by IFSCA and other applicable and appropriate authority/ies.

(ii) IFSC Authority (IFSCA) will conduct all required due diligence on the exchange – IIBX including all other entities involved in enabling import of Gold by QJs in terms of the IFSCA regulations. IFSCA shall also put in place necessary system to ensure that the advance remittance received from QJs are solely for the purpose for import of gold/silver through IIBX.

(iii) AD branch/TFC Delhi shall ensure that:

- a) all required documentation, custom duty related procedures and filing Bill of Entry (BoE) as evidence of import, etc. is complete for the import of gold/silver by QJ within the specified applicable period.
- b) single/multiple ORMs created and matched with corresponding BoEs and closed appropriately in IDMPs.
- c) the importer – that is QJs comply with the related extant instructions relating to imports under FEMA, 1999, FTDR Act 1992, Foreign Trade Policy and regulations of IFSCA.
- d) Other condition and Delegation of powers to allow advance remittance to QJs is defined under Part-I of Policy.

(iv) Reporting requirement by AD banks:

- a) AD branch/TFC Delhi shall create Outward Remittance Message (ORM) for all such outward remittances in IDPMS in terms of extant guidelines.
- b) All these transactions need to be reported in FETERS in terms of extant guidelines.
- c) HO: Treasury Division shall report the import of gold/silver through QJ on CIMS Portal as prescribed at para 2.11.5.12 above.

(v) The above mentioned arrangement is for the sole purpose of facilitating physical import of gold/silver through IIBX or any similar exchange authorised by IFSCA, by Qualified Jewellers in India.

2.12 Import of Other Precious Metal

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

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

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

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Further, AD branches may allow extension of time in respect of such clean credit for import of rough, cut and polished diamonds, for a period exceeding 180 days from the date of shipment to a maximum period of 180 days beyond the prescribed period/ due date, beyond which they may refer the cases to the respective Regional Office of the Reserve Bank. Such extension by AD banks may be subject to the conditions such as:

- a) AD branch being satisfied of the genuineness of the reason and bonafides of the transaction and also that no interest payment is involved for the additional period;
- b) reasons for such extension are due to financial difficulties and/ or quality disputes;
- c) importer is not under investigation and is not a frequent offender.

AD branches submit a half yearly report (half year shall be April- September and October-March) of such extensions allowed customer-wise, to the respective Regional Office of the Reserve Bank, within 15 days of the end of the respective half year.

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

2.12.2 Import of Platinum / Silver on Unfixed Price Basis

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

2.13 Import not materialised:

Where an importer is unable to import within the contract period, or the extended period, the importer shall repatriate the advance payment made, if any.

If the advance payment is not repatriated by the importer within the contract period or extended period, if any, allowed by the Bank or where the IDPMS entry has not been marked-off in terms of Regulation 18(1)(j) of Foreign Exchange Management (Export and import of Goods and Services) Regulations, 2016 as amended from time to time, any future advance payment for imports by the importer shall require an unconditional, irrevocable standby Letter of Credit or a guarantee from an international bank of repute or a guarantee of an Authorised Dealer in India, which is issued against a counter-guarantee of an international bank of repute.

In this regard, it is clarified that the import not materialised must relate to the same overseas supplier from whom the advance payment is unrealised. Consequently, the importer shall make any further advance payment to the said overseas supplier as per above guidelines.

2.13.1 EVIDENCE OF IMPORT:

2.13.1.1 PHYSICAL IMPORTS:

- (i) In case of all imports, irrespective of the value of foreign exchange remitted / paid for import into India, it is obligatory on the part of the AD Branch through which the relative remittance was made, to ensure that the importer submits:-
 - a) BoE number, port code and date for marking evidence of import under IDPMS.
 - b) Customs Assessment Certificate or Postal Appraisal Form, as declared by the importer to the Customs Authorities, where import has been made by post, or Courier Bill of Entry as declared by the courier companies to the Customs Authorities in cases where goods have been imported through couriers, as evidence that the goods for which the payment was made have actually been imported into India, or
 - c) For goods imported and stored in Free Trade Warehousing Zone (FTWZ) or SEZ Unit warehouses or Customs bonded warehouses, etc., the Exchange Control Copy of the Ex-Bond Bill of Entry or Bill of Entry issued by Customs Authorities by any other similar nomenclature the importer shall submit applicable BoE number, port code and date for marking evidence of import under IDPMS.
- (ii) In respect of imports on Delivery against acceptance basis, AD branch will verify the evidence of import from IDPMS at the time of effecting remittance of import bill. However, if importers fail to produce documentary evidence due to genuine reasons such as non- arrival of consignment, delay in delivery/ customs clearance of consignment, etc., Head of AD branch may, if satisfied with the genuineness of request, allow reasonable time, not exceeding three months from the date of remittance, to the importer to submit the evidence of import.
- (iii) AD branches are required to create Outward Remittance Message (ORM) for all such outward remittances irrespective of value and shall perform the subsequent activity, viz., document submission, outward remittance data, matching with ORM, closing of transactions etc. as per IDPMS guidelines.
- (iv) In view of observations of FIU-IND, AD branches are advised to verify the genuineness of Custom Bill of Entry from IEDMPS.

2.13.1.2 EVIDENCE OF IMPORT IN LIEU OF BILL OF ENTRY:

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

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

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

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

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

In terms of instructions/ clarifications received from RBI vide letter ref. no. FE.CO. Trade (EXP) No.5406/05.31.042/2017-18 dated December 20, 2017, AD branches may accept following alternate documents for closure of entries in IDPMS and close the same in IDIS / IDPMS.

S.no.	Conditions	Document required
I	Import Remittances up to USD 1 Lakh or equivalent. <i>(applicable for transactions prior to implementation of IDPMS)</i>	Certificate / undertaking from the (i) Chief Executive Officer (CEO) or authorized signatory of the company; and (ii) Auditor of the company Certifying that the goods for which remittance was made have actually been imported into India

Above guidelines shall be applicable subject to:

- (i) The import transaction concerned is not under investigation agencies / enforcement agencies.
- (ii) AD Branches should be satisfied with the bonafides of the transaction concerned and should ensure that the relevant goods have actually been imported.
- (iii) Compliance of related Bank/RBI guidelines for closure of entries in IDPMS

2.13.1.3 NON-PHYSICAL IMPORTS:

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

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

2.13.2 VERIFICATION AND PRESERVATION:

- (ii) Internal inspectors and IS auditors (including external auditors appointed by Bank should carry out verification and IS audit and assurance of the “BOE Settlement” process in IDPMS. Data and process followed by Bank for “BOE Settlement” should be preserved in terms of the guidelines under Cyber Security Framework in the bank.
- (iii) Internal inspectors or auditors (including external auditors appointed by Bank should carry out verification of the documents evidencing import other than which are available in IDPMS, e.g., Exchange Control copies of Postal Appraisal Forms, or Customs Assessment Certificates, etc.
- (iv) Documents evidencing import into India should be preserved by AD Branch for a period of one year from the date of their verification. However, in respect of cases which are under investigation by investigating agencies, documents and/or data may be destroyed only after obtaining clearance from the investigating agency concerned.

2.13.3 FOLLOW-UP FOR IMPORT EVIDENCE:

- (i) In case an importer does not furnish any documentary evidence of import, as required, within 3 months from the date of remittance involving foreign exchange irrespective of value, the AD branch should rigorously follow-up for the next 3 months, by using various modes of communications. It should, however, be ensured that at least one communication with the importer in this regard is by issuance of registered letter.
- (ii) In IDPMS, all outstanding import remittances, irrespective of the amount involved, should be reported by the AD Branch. Further, submission of a separate BEF Statement by the AD Branch would be required till the half year ended December 2017 and discontinued thereafter. All outstanding import remittances, irrespective of the amount involved, will be reported into the system.

2.13.4 DETAILED OPERATIONAL PROCEDURES FOR IDPMS:

The Operational Guidelines are summarized as below:

- (i) AD branches/TFC are required to create Outward Remittance Message (ORM) for all outward remittance/s for import payments on behalf of their importer customer for which the prescribed documents for evidence of import have not been submitted.

SETTLEMENT OF ORM WITH BOE:

- (ii) 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. For non-EDI ports, AD branch 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

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the customer/Customs office. In order to enhance the ease of doing business and reduce transaction costs, submission of hardcopy of evidence of import documents, i.e., BoE Exchange Control copy has been discontinued with effect from December 1, 2016 as the same is available in IDPMS. The revised procedure is as under:

- (iii) AD branch 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".
- (iv) In case of payment after receipt of BoE, the AD bank shall generate ORM for import payments made by its importer customer as per the message format "BOE settlement".
- (v) Multiple ORMs can be settled against single BoE and also multiple BoE can be settled against one ORM.
- (vi) On settlement of ORM with evidence of import AD branch shall in all cases 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) A recap advice on number and amount of BoE and ORM not settled for the importer.
- (vii) The importer needs to preserve the printed 'Importer copy' of BoE as evidence of import and acknowledgement slip for future use.

EXTENSION AND WRITE OFF:

- (viii) AD branch shall give extension for submission of BoE beyond the prescribed period in terms of the extant guidelines on the matter, and the same will be reported in IDPMS as per the message "Bill of Entry Extension" and the date up to which extension is granted will be indicated in "Extension Date" column.
- (ix) AD branch can consider closure of BoE/ORM in IDPMS that involves write off to the extent of 5% of invoice value in cases where the amount declared in BoE varies from the actual remittance due to operational reasons and AD bank is satisfied with the reason/s submitted by the importer.
- (x) AD branch may close the BoE for such import transactions where write off is in terms of extant guidelines on the matter subject to submission of satisfactory documentation by the importer irrespective of the amount involved. AD branch shall settle and close ORM/BoE with appropriate "Adjustment Indicator" in IDPMS.
- (xi) The above operational guidelines for extension and write off are meant to facilitate closure of bills in IDPMS and will be subject to extant guidelines on the matter and not absolve the importer from remitting / receiving the amount in case of change in circumstances.
- (xii) While allowing write off, AD branch 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. Internal inspectors or auditors of the AD Branch (including external auditors appointed by authorized dealers) should carry out random sample check/percentage check of write-off of import bills;
- (xiii) The extant instructions and guidelines for Evidence of Import in Lieu of Bill of Entry will apply mutatis mutandis. The evidence of import in lieu of BoE in permitted/approved conditions will be created and uploaded by AD Branch of the importer in the form of BoE data as per message format "Manual BOE Reporting" in IDPMS.

FOLLOW-UP FOR EVIDENCE OF IMPORT:

- (xiv) AD Branch shall continue to follow up for outward remittance made for import (i.e. unsettled ORM) in terms of extant guidelines and instructions on the subject. In cases where relevant evidence of import data is not available in IDPMS on due dates against the ORM, AD Branch shall follow up with the importer for submission of documentary evidence of import. Similarly, if BoE data is not settled against ORM within the prescribed period, AD Branch shall follow up with the importer in terms of extant instructions.

2.14 Unrealised exports:

If the export proceeds of an exporter remain unrealised for a period beyond one year from the due date of realisation or extended period, if any, allowed by the Bank, the exporter shall undertake further exports only against receipt of full advance or an irrevocable Letter of Credit.

In this regard, it is clarified that the unrealised export must relate to the same overseas buyer from whom the payment is unrealised. Consequently, the exporter shall undertake further exports only against receipt of full advance or an irrevocable Letter of Credit from the said overseas buyer.

2.15 Export of goods and services against repayment of State credits

For the implementation of the provisions of the Inter banking arrangement, Bank shall adhere to instructions and directions issued by the Reserve Bank from time to time on export of goods and services against repayment of State credits granted by the erstwhile Soviet Union

2.16 Project Export

Bank may permit receipts/ payments for project exports as per the underlying contract, after satisfying itself of the genuineness of the project.

Subject to monitoring by the bank, a project exporter may deploy temporary cash surplus, generated outside India, from such exports, for investments in short-term instruments (with original or residual maturity of one year or less) including in treasury

bills and in deposits with banks, outside India.

Export of engineering goods on deferred payment terms and execution of turnkey projects and civil construction contracts abroad are collectively referred to as 'Project Exports'. Indian exporters are required to obtain the approval of the Bank at post-award stage for processing of the transactions for undertaking execution of such contracts.

Accordingly, AD branch may consider awarding post-award approvals without any monetary limit and permit subsequent changes in the terms of post award approval within the relevant FEMA guidelines/regulations. Project and service exporters may approach AD branch based on their commercial judgment. The AD branch should monitor the projects for which post- award approval has been granted by them.

In order to provide greater flexibility to project & service exporters in conducting their overseas transactions, facilities have been provided as under:

- a) Inter-Project transfer of machinery - The stipulation regarding recovery of market value (not less than book value) of the machinery, etc., from the transferee project has been withdrawn. Further, exporters may use the machinery/equipment for performing any other contract secured by them in any country subject to the satisfaction of the Bank and also subject to the reporting requirement and would be monitored by the AD branch.
- b) Inter-Project transfer of funds -AD branches may permit exporters to open, maintain and operate one or more foreign currency account/s in a currency/currencies of their choice with inter- project transferability of funds in any currency or country. The Inter-project transfer of funds will be monitored by the AD Branch.
- c) Deployment of temporary cash surpluses - Subject to monitoring by the AD Branch, Project / Service exporters may deploy their temporary cash surpluses, generated outside India investments in short-term paper abroad including treasury bills and other monetary instruments with a maturity or remaining maturity of one year or less and the rating of which should be at least A-1/AAA by Standard & Poor or P-1/-AAA by Moody's or F1/AAA by Fitch IBCA, etc., and as deposits with branches / subsidiaries outside India of the bank.
- d) Repatriation of funds in case of On-site Software Contracts - The requirement of repatriation of 30 per cent of contract value in respect of on-site contracts by software Exporter Company/firm has been dispensed with. They should, however, repatriate the profits of on-site contracts after completion of the contracts.

2.17 Merchant Trade Transactions:

Goods involved in the Merchanting Trade Transactions would be the ones that are permitted for exports / imports under the prevailing Foreign Trade Policy (FTP) of India, as on the date of shipment and all the rules, regulations and directions applicable to

exports (except Export Declaration Form) and imports (except Bill of Entry), are complied with, for the export leg and import leg, respectively, without touching Domestic Tariff Area. The operating procedure is being placed to facilitate field functionaries to mitigate the risk on Merchanting Trade Transactions.

2.17.1 AD Branches may handle the Merchant Trade Transactions (MTT) subject to following guidelines:

- (i) For a trade to be classified as Merchanting trade, goods acquired shall not enter the Domestic Tariff Area.
- (ii) Considering that in some cases, the goods acquired may require certain specific processing/ value-addition, the state of goods so acquired may be allowed transformation subject to the AD branch/TFC being satisfied with the documentary evidence and bonafides of the transaction.
- (iii) The MTT shall be undertaken for the goods that are permitted for exports / imports under the prevailing Foreign Trade Policy (FTP) of India as on the date of shipment. All rules, regulations and directions applicable to exports (except Export Declaration Form) and imports (except Bill of Entry) shall be complied with for the export leg and import leg respectively.
- (iv) AD branch shall satisfy itself with the bonafides of the transactions. Further, KYC and AML guidelines shall be scrupulously adhered to by the AD branch while handling such transactions.
- (v) The entire Merchanting trade is to be routed through the same AD bank (branch). The AD branch shall verify the documents like invoice, packing list, transport documents and insurance documents (if originals are not available, Non-Negotiable copies duly authenticated by the bank handling documents may be taken) and satisfy itself about the genuineness of the trade. The AD branch may, if satisfied, rely on online verification of Bill of Lading/ Airway Bill on the website of International Maritime Bureau or Airline web check facilities. However, the AD branch shall ensure that the requisite details are made available/retrievable at the time of Inspection/Audit/investigation of the transactions.
- (vi) The period between the outward remittance and inward remittance or vice versa does not exceed six months. Further, CGM Level Committee for International Banking may, on request citing reasons for delay, allow extension of such time, upon satisfaction of the reasons cited.**
- (vii) Credit or debit the account of its customer for any cross-border transaction related to MTT after having been satisfied with the genuineness of the same and shall, simultaneously close or update the respective entry in EDPMS and/or IDPMS.**
- (viii) Monitor and follow-up with the person undertaking merchant trading to ensure that both the legs of the transaction are completed within the period and manner as specified in Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 as amended from time to time.**
- (ix) Short-term credit either by way of suppliers' credit or buyers' credit may be extended for MTT to the extent not backed by advance remittance for the export leg, including the discounting of export leg LC by the AD branch, as in the case

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of import transactions. However, Letter of Undertaking (LOU)/ Letter of Comfort (LOC) shall not be issued for supplier's/ buyer's credit.

- (x) Any receipts for the export leg, prior to the payment for import leg, may be parked either in Exchange Earners Foreign Currency (EEFC) account or in an interest-bearing INR account till the import leg liability arises. It shall be strictly earmarked/ lien- marked for the payment of import leg and the liability of the import leg, as soon as it arises, shall be extinguished out of these funds without any delay. If such receipts are kept in interest- bearing INR account, hedging thereof may be allowed by the AD branch at the request of its customer, as per extant regulations. No fund/non-fund-based facilities shall be extended against these balances.
- (xi) In case of discounting of export leg LC where payment for import leg is still to be made (even if partially), the proceeds shall be utilized in the manner prescribed at point no. (viii) above.
- (xii) Payment for import leg may also be allowed to be made out of the balances in EEFC account of the merchant trader.
- (xiii) Merchanting traders may be allowed to make advance payment for the import leg on demand made by the overseas supplier. In case where inward remittance from the overseas buyer is not received before the outward remittance to the overseas supplier, AD Branch may handle such transactions based on its commercial judgment. Before making Advance Remittance, AD Branches have to ensure following guidelines:
- a) Credit Report to be obtained on Foreign Supplier/ Manufacturer/ Buyer from IBD approved credit rating agencies or approved foreign correspondent Banks in case of advance remittance of USD 100,000 and above or equivalent. Credit report should not have any adverse remarks on the overseas company with regards to its conduct/financial irregularity in overseas market etc.
- b) The AD branches should also follow-up to ensure that the beneficiary of the advance remittance for the import leg fulfils his obligation under the contract or agreement with the remitter in India.
- c) Any advance remittance beyond USD 100,000 or equivalent per transaction / contract for import leg is to be covered by Bank Guarantee / an unconditional, irrevocable standby Letter of Credit from an approved Bank.

Delegated powers to waive guarantee in such cases is as under:

Delegated powers to waive guarantee from USD 100,000 to USD 500,000		
S.No.	Type of Account	Officer with delegated power
1	Borrowal	I. Respective Sanctioning Authority. II. If waiver of guarantee is not mentioned in Sanction: In-charge CBB / MCB/ LCB / ELCB may allow waiver in Borrowal account of their Branch, only if credit limit for Merchanting Trade Transaction has been specifically permitted by Sanctioning Authority.
2	Non-Borrowal	I. In-charge CBB / MCB/ LCB / ELCB for their

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		branch; and
	II.	DGM at respective Zonal office for all other branches

d) It may, however, be ensured that any such advance payment for an import leg beyond USD 500,000 per transaction, shall be made against Bank Guarantee /an unconditional, irrevocable standby Letter of Credit from an international bank of repute. **However, CGM Level Committee for International Banking may allow advance payment beyond USD 500,000 on the merit of the case without Bank Guarantee /an unconditional, irrevocable standby Letter of Credit from an international bank of repute.**

e) In case of borrower customer, No Advance Remittance will be permitted by allowing credit facility unless it is specifically permitted by Sanctioning Authority.

(xiv) Letter of Credit to the supplier for the import leg is permitted against confirmed export order, keeping in view the foreign exchange outlay period and subject to compliance with the instructions issued by RBI, as amended from time to time.

(xv) TFCs shall ensure one-to-one matching in case of each MTT and report defaults in any leg by the traders to the concerned Regional Office of the Reserve Bank, on half yearly basis on prescribed Performa within 15 days from the close of each half year, i.e., June and December;

(xvi) Merchanting trade involving shipment of goods from one foreign country to another foreign country without touching Indian ports, or shipment of goods within one specific foreign country, involving an Indian intermediary is allowed subject to compliance with RBI guidelines, except for goods in the CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora), or under SCOMET (Special Chemicals, Organisms, Materials, Equipment, and Technologies).

2.17.2 The Merchanting traders shall be genuine traders of goods and not mere financial intermediaries. Confirmed orders must be received by them from the overseas buyers. The documents evidencing the MTT are provided to the Bank, to establish the genuineness of the transactions. AD branches shall satisfy themselves about the capabilities of the Merchanting trader to perform the obligations under the order. The Merchanting trade shall result in profit which shall be determined by subtracting import payments and related expenses from export proceeds for the specific MTT.

2.17.3 WRITE-OFF OF UNREALIZED AMOUNT OF EXPORT LEG:

(i) AD branch may write-off the unrealized amount of export leg, without any ceiling, on the request made by the Merchanting trader, in the following circumstances:

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

- b) The goods exported have been auctioned or destroyed by the Port/Customs / Health authorities in the importing country and a certificate to that effect has been produced.
- c) The unrealized amount of the export leg represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization;

Provided, the MTT is in adherence to all other provisions except the delays in timelines attributed to reasons mentioned at a, b and c above.

(ii) In addition to above, write-off as at (i) shall be subject to following conditions:

- a) AD branch shall satisfy itself with the bonafides of the transactions and ensure that there are no KYC/AML concerns.
- b) The transaction shall not be under investigation under FEMA by any of the investigating agency/ies.
- c) The counterparty to the merchant trader is not from a country or jurisdiction in the updated FATF Public Statement on High Risk & Non-Co-operative Jurisdictions on which FATF has called for counter measures.

iii) Competent authority to permit write-off of the unrealized amount of export leg recommended by the AD branches in terms of RBI guidelines will be as under:

ZOCAC is vested with powers to write-off in respect of branches under their jurisdiction, and In-charge CBB / MCB/ LCB / ELCB is vested with powers to write-off for their own branch.

2.17.4 THIRD PARTY PAYMENTS

The outward remittances are sent only to the overseas seller, and inward remittances are received only from the overseas buyer. Further, The AD branch may, on request from the customer citing reasons, allow receipt from and/or payment to any third party, if the AD branch is satisfied of the reasons cited.

Third-party payments and receipts may be permitted by the AD branches only under exceptional, genuine circumstances upon satisfactory justification, and must not be treated as a matter of routine or general practice. Any suspicious transaction be reported to DoE.

2.17.5 PAYMENT OF AGENCY COMMISSION

Agency commission is not allowed in MTTs. However, AD branches may allow payment of agency commission up to a reasonable extent by way of outward remittance under exceptional circumstances, subject to the following conditions:

- a) MTT has been completed in all respects.
- b) The payment of agency commission shall not result in the MTT ending into a loss.
- c) The Merchanting trader shall make a specific request to the AD bank in this regard.
- d) Customer has submitted the valid agency commission agreement.

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2.17.6. Reporting for Merchanting trade transactions under FETERS shall be done on gross basis, against the under mentioned codes:

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

2.17.7 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. In consultation with Government of India, it is clarified herein that 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.

2.18 International Trade Invoicing and Settlement in Indian Rupees (INR).

The Bank may be guided by the extant guidelines on the broad framework as well as instructions issued by the Reserve Bank in this regard, from time to time.

2.19 Foreign Currency account

- i. Participants in international exhibition/trade fair have been granted general permission vide Regulation 5(E)(5) of Foreign Exchange Management (Foreign Currency Accounts by a person Resident in India) Regulations dated January 21, 2016 for opening a temporary foreign currency account abroad. Exporters may deposit the foreign exchange obtained by sale of goods at the international exhibition/ trade fair and operate the account during their stay outside India provided that the balance in the account is repatriated to India through normal banking channels within a period of one month from the date of closure of the exhibition/trade fair and full details are submitted to the branch concerned. AD Branch to monitor the same at a regular interval.
- ii. Reserve Bank may consider applications in Form EFC from exporters having good track record for opening a foreign currency account with AD Bank in India and outside India subject to certain terms and conditions. Applications for opening the account with a branch of an AD Bank in India may be submitted through the branch, in consultation with Trade Finance Centre, at which the account is to be maintained. If the account is to be maintained abroad the application should be made by the exporter giving details of the bank with which the account will be maintained.
- iii. An Indian entity can also open, hold and maintain a foreign currency account with

a bank outside India, in the name of its overseas office/branch, by making remittance for the purpose of normal business operations of the said office/branch or representative subject to conditions stipulated in Regulation 5(B) of Foreign Exchange Management (Foreign Currency Accounts by a person Resident in India) Regulations dated January 21, 2016.

- iv. A unit located in a Special Economic Zone (SEZ) may open, hold and maintain a Foreign Currency Account with a designated branch of AD Bank in India 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.
- v. A person resident in India being a project / service exporter may open, hold and maintain foreign currency account with a bank outside or in India, subject to the guidelines.
- vi. A person resident in India, being an exporter, may open, hold and maintain a Foreign Currency Account with a bank outside India, for realisation of full export value and advance remittance received by the exporter towards export of goods or services. Funds in this account may be utilised by the exporter for paying for its imports into India or repatriated into India within a period not exceeding the end of
(a) three months in case of accounts maintained with banks in an International Financial Services Centre; or
(b) next month for all other jurisdictions;
from the date of receipt of the funds after adjusting for forward commitments, provided that the realisation and repatriation requirements as specified in Foreign Exchange Management (Export of Goods and Services) Regulations, 2026 are also met.

2.20 Counter-Trade Arrangement:

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

- (i) All imports and exports under the arrangement should be at international prices in conformity with the Foreign Trade Policy and Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder.
- (ii) No interest will be payable on balances standing to the credit of the Escrow Account but the funds temporarily rendered surplus may be held in a short-term deposit up to a total period of three months in a year (i.e., in a block of 12 months) and the AD bank may pay interest at the applicable rate.
- (iii) No fund based/or non-fund based facilities would be permitted against the balances in the Escrow Account.
- (vi) Application for permission for opening an Escrow Account may be made by the

overseas exporter/organization through his/their AD Branch to the Regional Office concerned of the Reserve Bank.

2.21 Exports to neighbouring countries by road, rail or river:

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

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

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

2.22 Border trade with Myanmar:

In supersession of instructions contained in A.P. (DIR Series) Circular No. 17 dated October 16, 2000, barter system of trade at the Indo-Myanmar border has been discontinued and replaced with normal trade with effect from December 1, 2015. Accordingly, all trade transactions with Myanmar, including those at the Indo-Myanmar border with effect from December 1, 2015 shall be settled in any permitted currency in addition to the Asian Clearing Union mechanism.

2.23 Forfaiting

EXIM Bank and AD Bank have been permitted to undertake forfaiting, for financing of export receivables. Remittance of commitment fee/service charges, etc., payable by the exporter as approved by the EXIM Bank/AD Bank concerned may be done through an AD Bank. Such remittances may be made in advance in one lump sum or at monthly intervals as approved by the authority concerned.

2.24 Export of goods on lease, hire, etc.

Prior approval of the Reserve Bank is required for export of machinery, equipment, etc., on lease, hire basis under agreement with the overseas lessee against collection of lease rentals/hire charges and ultimate re-import. Exporters should apply for necessary permission, through AD Branch, to the Regional Office concerned of the Reserve Bank, giving full particulars of the goods to be exported.

2.25 Export of currency:

Permission of Reserve Bank is required for any export of Indian currency except to the extent permitted under any general permission as under:

- (i) Any person resident in India may take outside India (other than to Nepal and Bhutan) currency notes of Government of India and Reserve Bank of India up to an amount not exceeding Rs.25,000 (Rupees twenty five thousand only); and
- (ii) Any person resident outside India, not being a citizen of Pakistan and Bangladesh and also not a traveler coming from and going to Pakistan or Bangladesh, and visiting India may take outside India currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs. 25,000 (Rupees twenty five thousand only) while exiting only through an airport.

2.26 Deemed Exports:

2.26.1 The detailed guidelines of Deemed exports defined in Foreign Trade Policy 2023 (as amended from time to time) under chapter 7 which provides a level-playing field to domestic manufacturers in certain specified cases, as may be decided by the Government from time to time.

Guidelines with regard to deemed export to be complied are as under:

- (i) Supplies shall be made directly to entities listed in EXIM Policy.
- (ii) Third party supply shall not be eligible for benefits/exemptions.
- (iii) Bank guarantee related to deemed exports will attract commission as per Service Charges circular issued by HO: IBD from time to time.
- (iv) Export Realization Certificate in respect of deemed exports should be issued by AD branches. To enable the AD branches to issue the certificate, photo copies of order/contract, and documentary proof supplied by concerned authority regarding payment, etc., are to be forwarded to them by Non-AD branches.

2.26.2 Rupee Export Credit – Deemed Export

1) Banks are permitted to extend rupee pre-shipment and post- shipment rupee export credit to parties against orders for supplies in respect of projects aided/financed by bilateral or multilateral agencies/funds (including World Bank, IBRD, IDA) as notified from time to time by Department of Economic Affairs, Ministry of Finance under the Chapter “Deemed Exports” in Foreign Trade Policy, which are eligible for grant of normal export benefits by Government of India.

2) Advances provided should be adjusted from free foreign exchange representing payments for the supplies of goods to these agencies. However, Chief Managers & above may permit liquidation of packing credit out of balances lying in Exchange Earners Foreign Currency A/c (EEFC A/C) and/or rupee resources of the exporter, to the extent exports have actually taken place in terms of guidelines issued by Integrated Risk Management Division(L&A) from time to time.

- 3) Banks may also extend rupee;
- i. Pre-shipment credit, and
 - ii. Post-supply credit (for a maximum period of 30 days or upto the actual date of payment by the receiver of goods, whichever is earlier);

For supply of goods specified as 'Deemed Exports' under the referred Chapter of Foreign Trade Policy from time to time.

4) The post-supply advances would be treated as overdue after the period of 30 days. In cases, where such overdue credits are liquidated within a period of 180 days from the notional due date (i.e., before 210 days from the date of advance), the branches are required to charge, for such extended period, interest prescribed for the category 'ECNOS' for such an extended period, at post-shipment stage. If the bills are not paid within the aforesaid period of 210 days, branches will charge Interest at the rate prescribed for Export Credit Not specified ('ECNOS') at Post-shipment stage from the date of advance.

2.27 PNB Gold Card Scheme for exporters:

(i) RBI Guidelines: Reserve Bank of India (Commercial Banks – Credit Facilities) Directions, 2025 dated 28.11.2025 (Updated from time to time) under chapter XV Export credit issued guidelines relating to Gold Card Scheme for exporter. The Scheme envisages certain additional benefits based on the record of performance of the exporters. The Gold Card holder would enjoy simpler and more efficient credit delivery mechanism in recognition of his good track record.

(ii) Eligibility:

- a) Exporters with minimum rating of 'B1' as per internal risk rating module of the Bank will be eligible under this scheme.
- b) Exporters, whose accounts have been classified as 'Standard' continuously for a period of three years and there are no irregularities /adverse features in the conduct of the account, will be considered for the scheme.
- c) Gold Card can also be granted to exporters undertaking exports on collection basis, provided they have been in export business at least for 3 years including their dealings with previous bankers.
- d) Gold Card to Take over Exporter customers: Gold Card can be issued to exporters whose accounts have been taken over by the Bank with satisfactory track record of such exporters whose accounts are under Standard category with the previous Bank as per the specific indication available from the Confidential Report on the conduct of the account obtained from their previous Bank. Gold Card to such exporters can be granted by respective sanctioning authority.
- e) Exporters not eligible under the scheme: Exporter customers blacklisted by Enforcement Directorate or DRI or CBI or any government agency or ECGC in their Specific Approval list or listed in RBI's Defaulter's/caution list of exporters, etc., are not eligible under the scheme. Also those exporters making losses for the past 3 years or having overdue export bills in excess of 10 per cent of the previous year's export turnover are not eligible under the scheme.

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(iii) Assessment of credit Limits for Exporter customers:

- a) The credit needs of the exporters may be assessed through various methods, viz., Projected Balance Sheet Method, Turnover Method or Cash Budget Method, etc., whichever is most suitable and appropriate to the business of exporter and keeping in view the request of exporter besides following RBI/Bank's existing guidelines.
- b) Simplified method based on turnover for assessing working capital finance up to Rs. 5 crore in case of MSME units shall be used as per Credit Management and Risk Policy of the Bank, issued by HO: IRMD. However, limits beyond the above ceiling are assessed as per MPBF system.
- c) As such, sanction and renewal of limits under Gold Card Credit Scheme up to Rs.5 Crore may be considered based on simplified turnover method.
- d) In-principle limits will be sanctioned for a period of three years with a provision for automatic renewal under this scheme subject to fulfilment of the terms and conditions of sanction.
- e) Priority will be given to the PCFC requirements of the Gold Card holders of exporter borrowers.
- f) The Credit proposals for export credit have to be processed expeditiously and sanctioned within a fixed time frame. The time lines for disposal of applications received for sanction of export credit under the Gold card scheme and other exporter customers are given below:

Details	Time Frame	
	Gold Card Holders	Other Exporters
For disposal of fresh applications	25 days	45 days
Renewal/ Review of limits	15 days	30 days
Sanction of ad hoc limits	07 days	15 days

- g) In terms of L&A circular no. 41/2026 dated 01.04.2026 (as amended from time to time), officials in Scale III to Scale V may exercise loaning powers up to 125% of their normal powers provided that additional 25% powers are utilized only for export limits.

Stand-By Limit to Gold Card Exporter customers:

Sanctioning authority may sanction standby limit of 20% of the assessed export credit limit (main limit) at the time of initial sanction itself, which may be utilized by the exporters in case of need for execution of additional export orders. The total limits, including standby limits, shall be considered by the sanctioning authority as per their vested loaning powers within the respective aggregate commitment per borrower only.

However, CHCAC (DGM) & above may consider the stand-by limits as over and above the aggregate commitment per borrower.

Such sanctions shall be valid within the validity of the original sanction. The standby limit can be allowed for a maximum period of 180 days.

Note: In case, the borrower also avails any other credit facilities, the total limits (i.e.

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Main limit + any other credit facilities) shall be considered by the sanctioning authority as per respective vested loaning powers.

h) Ad-hoc limit to Gold card exporters:

In addition to the standby limits, ad-hoc limits may also be considered to the Gold card Exporter in emergent circumstances, with reference to the sanctioned export credit limit (main limit), as per Adhoc loaning powers prescribed vide L&A circular no. 41/2026 dated 01.04.2026 and other circulars issued from time to time, provided that:

- i) the ad-hoc limits are to be utilized for export purposes, and
 - ii) the stand-by limits have exhausted / fallen short.
- i) In case of export of seasonal commodities, Peak/Non-Peak credit facilities to exporters should be considered in terms of existing guidelines.
- j) The additional credit needs of exporters for unanticipated export orders, if any, should be met in full taking into account the size and nature of the export order. However, such proposals can be considered by the Sanctioning Authority within their vested loaning powers.
- k) The performance of the exporters, vis-à-vis their projections on yearly basis, is to be reviewed by sanctioning authority with a view to decide whether benefits of better terms and conditions given to Gold Card Holder are to be continued/amended/withdrawn.

(iv) Applicable Rate of Interest under the scheme:

- a) At the prevailing rate of interest as applicable to rupee export credit or PCFC/EBR, as the case may be, as per latest interest rate circular of IRMD (L&A).
- b) The concessional rate of interest applicable on post-shipment rupee export credit will be applicable for a maximum period up to 270 days under the Gold Card Scheme.

(v) Relaxation in Service Charges for Gold Card Holder:

- a) With a view to encourage Gold Card Holders, Bank will offer discount in charges and fee structure for various services/ transactions vis-à-vis other exporters, on case-to-case basis keeping in view the performance and income value of the account.
- b) Bank will provide PCFC to Gold Card holders on priority basis.
- c) Documentation and other charges/ fees (processing fee, etc.) may be levied initially as per the main limits and difference amount of charges/ fees for standby limit may be recovered only upon availment of standby limits by Gold Card Holders.

(vi) Tenure of the scheme:

The card will be issued for 3 years and will be renewed automatically for a further period of 3 years unless there are adverse features/ irregularities in the account.

Further, Bank will have right to recall the card at any time in case of any misuse of the card or observance of any violation of the terms and conditions.

2.28 Export Credit Guarantee Corporation's Whole Turn over Policy:

- i) ECGC provides insurance cover to both Bank and Exporters. To mitigate the risks involved in Export Finance by Bank, ECGC has introduced the Guarantee Cover to all the Bank as mentioned below:
 - a) Pre Shipment Stage: Export Credit Insurance for Bank (ECIB– WTPC)
 - b) Post Shipment Stage: Export Credit Insurance for Bank (ECIB– WTPS)
- ii) CGM-IBD or in his absence GM-IBD is vested with power to obtain the ECGC whole turnover Policy on Pre-Shipment Export Credit (PC) & Post-Shipment Export Credit (PS).
- iii) CRMC is empowered to incorporate changes in the policy, based on Parameters /Terms/New scheme/Features introduced by ECGC in Whole turn over policy.

2.29 Free of Cost Exports:

Status holders shall be entitled to export freely exportable items on free of cost basis for export promotion subject to an annual limit of Rs.10 lakh or 2% of average annual export realisation during preceding three licensing years whichever is lower. For Pharma exports, the annual limit would be 2% of the annual export realisation during preceding three licensing years. In case of government supplies and supplies of vaccines and lifesaving drugs to health programmes of international agencies such as UN and WHO-PAHO, the annual limit shall be upto 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. The record of EDF form waived shall be maintained by the AD Branch and kept ready for audit/Inspection.

2.30 EDF Approval for Trade Fair/Exhibitions abroad:

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

- (i) The exporter shall produce relative Bill of Entry within one month of re-import into India of the unsold items.
- (ii) The exporter shall report to the AD Branch the method of disposal of all items

exported, as well as the repatriation of proceeds to India.

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

2.31 EDF approval for export of goods for re-imports:

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

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

2.32 Re-export of unsold rough diamonds from Special Notified Zone of Customs without Export Declaration Form (EDF) formality:

(i) In order to facilitate re-export of unsold rough diamonds imported on free of cost basis at SNZ, it is clarified that the unsold rough diamonds, when re-exported from the SNZ (being an area within the Customs) without entering the Domestic Tariff Area (DTA), do not require any EDF formality.

(ii) Entry of consignment containing different lots of rough diamonds into the SNZ should be accompanied by a declaration of notional value by way of an invoice and a packing list indicating the free cost nature of the consignment. Under no circumstance, entry of such rough diamonds is permitted into DTA.

(iii) For the lot/ lots cleared at the centre/s which are duly notified under Customs Act, 1962/ specified by the Central Board of Indirect Taxes & Customs, Department of Revenue, Ministry of Finance, Government of India for the above purpose, Bill of Entry shall be filed by the buyer. AD branch may permit such import payments after being satisfied with the bona-fides of the transaction. Further, AD branch shall also maintain a record of such transactions.

2.33 Foreign Currency Accounts of Overseas branches/office, representatives of Indian entities :

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

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

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- a) The overseas branch/office has been set up or representative is posted overseas for conducting normal business activities of the Indian entity;
- b) The overseas branch/office/representative shall not enter into any contract or agreement in contravention of the Act, Rules or Regulations made thereunder;
- c) The overseas office (trading/non-trading)/branch/ representative should not create any financial liabilities, contingent or otherwise, for the head office in India and also not invest surplus funds abroad without prior approval of the Reserve Bank. Any funds rendered surplus should be repatriated to India.

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

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

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

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

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

2.34 Delay in submission of shipping documents by exporters:

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

2.35 Return of documents to exporters:

The duplicate copies of EDF and shipping documents, once submitted to the AD branch for negotiation, collection, etc., should not ordinarily be returned to exporters, except for rectification of errors and re-submission.

2.36 Landlocked countries:

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

2.37 Direct dispatch of documents by the exporter:

(A) AD branches should normally dispatch shipping documents to their overseas branches / correspondents expeditiously. However, AD Branches may dispatch

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shipping documents direct to the consignees or their agent's resident in the country of final destination of goods in cases where:

- (i) Advance payment or an irrevocable letter of credit has been received for the full value of the export shipment and the underlying sale contract/letter of credit provides for dispatch of documents direct to the consignee or his agent resident in the country of final destination of goods.
- (ii) AD branches may also accede to the request of the exporter provided the exporter is a regular customer and the AD branch is satisfied, on the basis of standing and track record of the exporter and arrangements have been made for realization of export proceeds.
- (iii) AD Branches 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 as under:
 - 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.
- (iv) AD Branches 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, irrespective of the value of export shipment, subject to the following conditions:
 - a) The export proceeds have been realized in full except for the amount written off, if any, in accordance with the extant provisions for write off.
 - b) The exporter is a regular customer of AD Branch for a period of at least six months.
 - c) The exporter's account with the AD Branch is fully compliant with the Reserve Bank's extant KYC / AML guidelines.
 - d) The AD branch is satisfied about the bonafides of the transaction.

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

(B) Direct Dispatch may be permitted by field functionaries as under:

(1) Where Bank has no Credit exposure on the customer:

Branch Head of AD branch, may accede to the request of the customer and send the shipping documents directly to consignees / agents situated at the final destination of goods subject to the following:

- i. The exporter is a regular customer of the bank and have satisfactory track record of export realizations.

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ਅੰਤਰਰਾਸ਼ਟਰੀ ਬੈਂਕਿੰਗ ਏਵੰ ਵਪਾਰ ਵਿੱਤ ਪ੍ਰਭਾਗ, ਪ੍ਰਧਾਨ ਕਾਰਜਾਲਯ,
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- ii. An undertaking from the customer confirming that he understands the risk associated with direct dispatch of shipping documents.
- iii. The satisfactory arrangements have been made by the exporter for realization of export proceeds. The export proceeds must be repatriated through AD Branch.

or

Advance payment has been received for the full value of the export shipment 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.

- iv. The duplicate export declaration form is submitted to the Branch within 21 days from the date of shipment.

(2) Where Bank has Credit exposure on the customer:

In view of the credit risks associated with direct dispatch of shipping documents to consignees/ agents situated at the final destination of goods, the facility should be permitted after proper assessment of the credit risk the bank may be exposed.

The facility of direct dispatch of shipping documents to consignees/ agents situated at the final destination of goods, where bank has given finance to the exporter against that shipping document, should only be permitted by ZOCAC and above.

The facility will be permitted by respective sanctioning authority subject to the following conditions:

(i) Where documents are covered under Export Letter Of Credit:

- a) If transaction is under Export LC of approved Bank and condition of direct dispatch of documents is incorporated in the LC.
- b) The shipping documents will be sent by the branch to the consignees/ agents situated at the final destination of goods after lodging the same in bills menu in FINACLE through designated TFCs.
- c) The export proceeds will be repatriated through us.
- d) AD Branch has to ensure that Export LC is issued by the Foreign Bank appearing in the List of Correspondent / Approved Bank and in case of LC is issued by Unapproved Bank, Specific Approval has been taken from HO: IBD as per Bank's prescribed guidelines.
- e) The duplicate copy of the Export Declaration Forms (EDF) along with shipping document, invoice and other documents are to be submitted by the exporter to the branch within prescribed days mentioned in the Export LC.
- f) The overseas buyer is not on the adverse list of ECGC.
- g) Exporter is not on the Caution list/ defaulter list of RBI/ECGC.

(ii) Where documents are not covered by Export LC:

- a) Where documents are not under Export LC, direct dispatch of documents is allowed only up to USD 1 million or its equivalent, per export shipment.
- b) The underlying contract between exporter and importer specifically mentions about direct dispatch / electronic transmission of shipping documents to buyer.
- c) The duplicate copy of the EDF along with shipping document, invoice and other documents are submitted to the branch within 21 days of shipment for purchase / discount of documents.
- d) The shipping documents will be sent by the branch to the consignees / agents situated at the final destination of goods after lodging the same in bills menu in FINACLE.
- e) The export proceeds will be repatriated through AD branch.
- f) AD Branch will arrange credit worthiness report on overseas buyer from Bank's approved credit information agencies and this report should not have any adverse comments / clause.
- g) Sanctioning authority may be guided by IBD Foreign Exchange Circular No. 06/2023 dated 03-01-2023 (Consolidated Circular on ECGC Cover for Export Credit – Post Shipment), as amended from time to time, regarding obtention / waiver of specific buyer wise policy from ECGC with respect to overseas buyer.
- h) Exporter will ensure and enter into an agreement / arrangement with overseas buyer to ensure that the payment is made to AD Branch only and copy of such agreement / arrangement will be submitted to the AD branch.
- i) The overseas buyer is not on the adverse list of ECGC.
- j) Exporter is not on the Caution list / defaulter list of RBI/ECGC.

(3) Respective TFCs shall ensure compliance of direct dispatch of export documents as per guidelines mentioned above while handling the work item in Finacle. AD branch while sending work item to TFCs shall clearly make a mention about direct dispatch of shipping documents and will also provide confirmation in respect compliance of terms and conditions to respective TFCs. Respective TFCs shall maintain record of Direct Dispatch for inspection and audit purpose.

(4) Sanctioning Authority may permit 'Status Holder Exporters' (as defined in the Foreign Trade Policy), and units in Special Economic Zones (SEZ) to dispatch the export documents to the consignees outside India subject to the terms and conditions mentioned in para 2.38 (A) (iii) above.

2.38 Part Drawings /Undrawn Balances:

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

- i. The amount of undrawn balance is considered normal in the particular line of export trade, subject to a maximum of 10 per cent of the full export value.

- ii. An undertaking is obtained from the exporter on the duplicate of EDF forms that he will surrender/account for the balance proceeds of the shipment within the period prescribed for realization.
- iii. In cases where the exporter has not been able to arrange for repatriation of the undrawn balance in spite of best efforts, AD branches, on being satisfied with the bonafides of the case, should ensure that the exporter has realized at least the value for which the bill was initially drawn (excluding undrawn balances) or 90 per cent of the value declared on EDF form, whichever is more and a period of one year has elapsed from the date of shipment.

2.39 Consignment Exports:

(i) When goods have been exported on consignment basis, AD branches, while forwarding shipping documents to his overseas branch/correspondent, should instruct the latter to deliver them only against trust receipt/undertaking to deliver sale proceeds by a specified date within the period prescribed for realization of proceeds of the export. This procedure should be followed even if, according to the practice in certain trades, a bill for part of the estimated value is drawn in advance against the exports.

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

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

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

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

2.40 Opening / hiring of warehouses abroad:

AD branches may consider the applications received from exporters and forward the same to TFC Delhi duly recommended by respective Zonal office for granting permission for opening/hiring warehouses abroad subject to the conditions stipulated, as under:

- (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 Bank.

- (v) The above permission may be granted to the exporters initially for a period of one year and renewal may be considered subject to the applicant satisfying the requirement above.
- (vi) AD Branch should maintain a proper record of the approvals granted.
- (vii) The permission will be valid for one year only.

2.41 Export Bills Register:

Branches will 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 in EDPMS.

2.42 Change of buyer/consignee:

Prior approval of the Reserve Bank is not required if, after goods have been shipped, they are to be transferred to a buyer other than the original buyer in the event of default by the latter, provided the reduction in value, if any, be as per condition of para 2.5 above and the realization of export proceeds is not delayed beyond the period of 15 months or 18 months (as applicable) from the date of export.

2.43 Export of goods by Special Economic Zones (SEZs):

- (i) Units in SEZs are permitted to undertake job work abroad and export goods from that country itself subject to the conditions that:
 - a) Processing / manufacturing charges are suitably loaded in the export price and are borne by the ultimate buyer.
 - b) The exporter has made satisfactory arrangements for realization of full export proceeds subject to the usual EDF procedure.

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

2.44 Shipments lost in transit:

- (i) When shipments from India for which payment has not been received either by negotiation of bills under letters of credit or otherwise are lost in transit, the AD branch must ensure that insurance claim is made as soon as the loss is known.
- (ii) In cases where the claim is payable abroad, the AD branch must arrange to collect the full amount of claim due on the lost shipment, through the medium of their overseas branch/correspondent and release the duplicate copy of EDF only after the amount has been collected.

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

(iv) AD branches should ensure that amounts of claims on shipments lost in transit which are partially settled directly by shipping companies/airlines under carrier's liability abroad are also repatriated to India by exporters.

2.45 Export claims:

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

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

2.46 Issue of Guarantees by an Authorized Dealer:

AD branches may issue guarantee after setting up of proper credit limits within vested powers and Bank guidelines issued from time to time and **Foreign Exchange Management (Guarantees) Regulations, 2026**.

2.47 Issuance of Electronic Bank Realisation Certificate (eBRC):

AD Branches/TFC Delhi 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.

2.48 Handling of Export Documents from Non-EDI ports.

AD branches must exercise caution while handling documents from Non-EDI ports. Following check points may be adhered while handling export documents from Non-EDI port, where the data has not been reflected in EDPMS:

- i. Such transactions should be restricted to existing KYC compliant customers of Bank with good track record with.
- ii. The exporter submits the copy of shipping bill with export document. **The same should be verified from duly authenticated EDF forwarded by the specified authority.**
- iii. Wherever exporter requests Bank for dispatch of documents to overseas buyer, such documents be send after maintaining a separate database.
- iv. Where the export proceeds are received by the bank, the IRM/E-FIRC entry need to be created same day on which credit is passed to beneficiary.
- v. All such transaction to be monitored separately to track regularization by matching of SB details as and when it flows into EDPMS with IRM/E-FIRC.
- vi. TFCs will handle such transactions after getting approval from the concerned Branch incumbents under their jurisdiction and AGM/DGM of TFCs.
- vii. EBRCs should be issued only after flow of the SB/EDF data into EDPMS.

- viii. Periodical (at least once in every fortnight) follow ups with customer and also customs office concerned, to expedite the flow of the respective SB/EDF data in EDPMS.

TFC being a nodal office for handling of Export documents will keep complete record of all such transactions.

2.49 Agency commission on exports:

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

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

- b) The relative shipment has already been made.

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

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

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

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

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

2.50 Refund of export proceeds where goods are re-imported:

AD branches, through whom the export proceeds were originally realized may consider requests for refund of export proceeds of goods exported from India and being re-imported into India on account of poor quality.

(1) There have been instances when re-importing of goods has not been possible as the exporters goods had reportedly been auctioned or destroyed in the importing country. It has been reviewed and hence AD Branch, while permitting refund of export proceeds of goods exported from India shall ensure

- (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) Not insist on the requirement of re-import of goods, where exported goods have been auctioned or destroyed by the Port / Customs/Health authorities/ any other accredited agency in the importing country subject to submission of satisfactory documentary evidence.
- (v) Ensure that all procedures as applicable to normal imports are adhered to.

(2) In all other cases, AD Branch shall ensure that procedures as applicable to normal imports are adhered to and that an undertaking from the Exporter, to re-import the goods within three months from the date of refund of export proceeds, shall be obtained.

2.51 Obligation of Purchaser of Foreign Exchange:

(i) In terms of Section 10(6) of the Foreign Exchange Management Act, 1999 (FEMA), any person acquiring foreign exchange is permitted to use it either for the purpose mentioned in the declaration made by him to an AD branch under Section 10(5) of the Act or to use it for any other purpose for which acquisition of foreign exchange is permissible under the said Act or Rules or Regulations framed there under.

(ii) Where foreign exchange acquired has been utilized for import of goods into India, the AD branch should ensure that the importer furnishes evidence of import, Postal Appraisal Form or Customs Assessment Certificate, etc., and satisfy himself that goods equivalent to the value of remittance have been imported. AD branch/TFC will also ensure that all import remittances outstanding on the notified date of IDPMS are uploaded in IDPMS through TFC-Delhi and that the transaction is in conformity with the extant provisions and the import is in conformity with the Foreign Trade Policy in force.

(iii) Notwithstanding anything contained in the Manner of Payment in foreign Exchange (FEMA 14R/2023-RB dated December 21, 2023), a person resident in India may make payment for import of goods in foreign exchange through an international card held by him/in rupees from international credit card/ debit card through the credit/debit card servicing bank in India against the charge slip signed by the importer or as prescribed by Reserve Bank from time to time, provided that the transaction is in conformity with the extant provisions and the import is in conformity with the Foreign Trade Policy in force.

(iv) Any person resident in India may also make payment as under:

- a) In rupees towards meeting expenses on account of boarding, lodging and services related thereto or travel to and from and within India of a person resident outside India who is on a visit to India;
- b) By means of a crossed cheque or draft as consideration for purchase of gold or silver in any form imported by such person in accordance with the terms and conditions imposed under any order issued by the Central Government under

the Foreign Trade (Development and Regulations) Act, 1992 or under any other law, rules or regulations for the time being in force;

- c) A company or resident in India may make payment in rupees to its non- whole time director who is resident outside India and is on a visit to India for the company's work and is entitled to payment of sitting fees or commission or remuneration, and travel expenses to and from and within India, in accordance with the provisions contained in the company's Memorandum of Association or Articles of Association or in any agreement entered into it or in any resolution passed by the company in general meeting or by its Board of Directors, provided the requirement of any law, rules, regulations, directions applicable for making such payments are duly complied with.

2.52 Import of Foreign Exchange/ Indian Rupee:

- i. Except as otherwise provided in the Regulations, no person shall, without the general or special permission of the Reserve Bank, import or bring into India, any foreign currency. Import of foreign currency, including cheques, is governed by Foreign Exchange Management (Export and Import of Currency) Regulations 2000, issued by Reserve Bank vide Notification No. FEMA 6(R)/2015-RB dated December 29, 2015, as amended from time to time.
- ii. Reserve Bank may allow a person to bring into India currency notes of Government of India and / or of Reserve Bank subject to such terms and conditions as the Reserve Bank may stipulate.

2.52.1 Import of Foreign Exchange into India:

A person may—

- (i) Send into India, without limit, foreign exchange in any form other than currency notes, bank notes and travellers' cheques;
- (ii) Bring into India from any place outside India, without limit, foreign exchange (other than unissued notes), subject to the condition that such person makes, on arrival in India, a declaration to the Custom Authorities at the Airport in the Currency Declaration Form (CDF) as per prevailing Regulations; provided further that it shall not be necessary to make such declaration where the aggregate value of the foreign exchange in the form of currency notes, bank notes or travellers cheques brought in by such person at any one time does not exceed USD 10,000 (US Dollars ten thousand) or its equivalent and/or the aggregate value of foreign currency notes (cash portion) alone brought in by such person at any one time does not exceed USD 5,000 (US Dollars five thousand) or its equivalent.

2.52.2 Import of Indian Currency and Currency Notes:

- (i) Any person resident in India who had gone out of India on a temporary visit, may bring into India at the time of his return from any place outside India (other than from Nepal and Bhutan), currency notes of Government of India and Reserve Bank

of India notes up to an amount not exceeding Rs.25,000 (Rupees twenty five thousand only).

- (ii) A person may bring into India from Nepal or Bhutan, currency notes of Government of India and Reserve Bank of India for any amount in denominations up to Rs.100/.

2.53 Remittances Against Replacement Imports:

Where goods are short-supplied, damaged, short-landed or lost in transit and the Exchange Control copy of the import license has already been utilized to cover the opening of a letter of credit against the original goods which have been lost, the original endorsement to the extent of the value of the lost goods may be cancelled by the AD branch and fresh remittance for replacement imports may be permitted without reference to Reserve Bank, provided the insurance claim relating to the lost goods has been settled in favour of the importer. It may be ensured that the consignment being replaced is shipped within the validity period of the license. Concerned AD branch should ensure that proper remark/indicator is entered for ORM mark off/closure of Bills in IDPMS, etc., as per extant IDPMS guidelines.

2.54 Guarantee for Replacement Import:

In case replacement goods for defective import are being sent by the overseas supplier before the defective goods imported earlier are reshipped out of India, AD branches may issue guarantees at the request of importer client for dispatch/return of the defective goods, according to their commercial judgment.

2.55 Import of Equipment By Business Process Outsourcing (BPO) Companies For Their Overseas Sites:

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

- (i) The BPO Company should have obtained necessary approval from the Ministry of Communications and Information Technology, Government of India and other authorities concerned for setting up of the ICC.
- (ii) The remittance should be allowed based on the commercial judgment of AD branches, the bonafides of the transactions and strictly in terms of the contract.
- (iii) The remittance is made directly to the account of the overseas supplier.
- (iv) The AD branches to obtain a certificate as evidence of import from the Chief Executive Officer (CEO) or auditor of the importer company that the goods for which remittance was made have actually been imported and installed at overseas sites.
- (v) The AD Branch/TFC should ensure compliance with IDPMS guidelines as applicable.

2.56 Receipt of Import Bills/Documents:

AD branches/TFC-Delhi will ensure generation of ORMs, Bill of Entries and BOE settlement with the respective ORMs in compliance with IDPMS guidelines of RBI.

2.56.1 Receipt of Import Documents by the Importer Directly from Overseas Suppliers:

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

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

Request for regularization or approval of cases beyond above threshold limits be placed to the CGM Level Committee for International Banking for consideration.

2.56.2 Receipt of Import Documents by the AD Branches Directly from Overseas Suppliers:

- (i) At the request of importer clients, AD branches may receive bills directly from the overseas supplier as above, provided the import transactions are as per the prevailing Foreign Trade Policy. AD branches should carry out the KYC and due diligence exercise and should be fully satisfied about the financial standing / status and track record of the importer customer.
- (ii) Before extending the facility, the AD branch should obtain a report on each individual overseas supplier from the overseas banker or an approved overseas credit agency as per latest IBD Agency Circular. It must be ensured that there is no adverse comment in the report. However, such credit report on the overseas supplier need not be obtained in cases where the invoice value does not exceed USD 300,000 provided the AD branch is satisfied about the bonafides of the transaction and track record of the importer constituent.

2.57 Settlement of Import Transactions in Currencies Not Having a Direct Exchange Rate:

To further liberalize the procedure and facilitate settlement of import transactions where the invoicing is in a freely convertible currency and the settlement takes place in the currency of the beneficiary, which though convertible, does not have a direct exchange rate, AD Branches may permit settlement of such import transactions (excluding those put through the ACU mechanism), subject to conditions as under:

- a) Importer shall be a customer of the AD Branch,
- b) Signed contract / invoice is in a freely convertible currency,

- c) The beneficiary is willing to receive the payment in the currency of beneficiary instead of the original (freely convertible) currency of the invoice/ contract, Letter of Credit as full and final settlement,
- d) AD branch is satisfied with the bonafides of the transactions, and
- e) The counterparty to the importer of the AD branch is not from a country or jurisdiction in the updated FATF Public Statement on High Risk & Non Co-operative Jurisdictions on which FATF has called for counter measures.

2.58 Processing of Import Related Payments Through Online Payment Gateway Service Providers (OPGSPS)

AD Category-I banks have been permitted to offer facility of payment for imports of goods and software of value not exceeding USD 2,000 by entering into standing arrangements with the OPGSPs subject to the following: -

- (a) The balances held in the Import Collection account shall be remitted to the respective overseas exporter's account immediately on receipt of funds from the importer and, in no case, later than two days from the date of credit to the collection account.
- (b) The AD Category –I 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.
- (c) The permitted credits in the OPGSP Import Collection account will be:
 - (i) collection from Indian importers for online purchases from overseas exporters electronically through credit card, debit card and net banking and.
 - (ii) charge back from the overseas exporters.
- (d) The permitted debits in the OPGSP Import Collection account will be:
 - (i) payment to overseas exporters in permitted foreign currency;
 - (ii) payment to Indian importers for returns and refunds.
 - (iii) payment of commission at rates/frequencies as defined under the contract to the current account of the OPGSP; and
 - (iv) bank charges.

2.59 Establishing Letters of Credit:

- i. Authorized Branches are required to see the underlying contract/order/indent with overseas supplier in original for perusal and verification of essential particulars before opening the letter of credit.
- ii. Credit Report of LC beneficiary from IBD approved credit rating agencies or approved foreign correspondent Banks has to be obtained for issuance of LC for USD 100,000 and above or its equivalent, as part of due diligence process and it must not be older than 1 year. Sanctioning authority, as per their discretion, may stipulate the condition for lesser amount.

- iii. The application for Letters of Credit should be scrutinized to ensure that all essential particulars have been given. Further, it should also be ensured that various terms & conditions do not violate the laid down procedures and FEMA regulations, UCPDC rules, Import and Export policy, guidelines in force and specific guidelines issued by Bank through Book of Instructions, System and Operating Procedure for opening of Import Letter of Credit.

2.60 Transport Documents:

(i) "BUYER BEWARE" should be the principle in all deals and the buyer has to ensure through his Bank and agents that goods are loaded in the vessel of repute and well known shipping company. Exporters and importers must keep away from unknown charterers. In order to safeguard bank's as well as importer's interest, guidelines have been given to branches in regard to the stipulation in the import Letter of Credit. Stipulation regarding carrying vessel may be waived only in the case of importers of good standing and the name of carrying vessel is given in the Insurance Policy/Cover. In case of insurance cover obtained in India where name of carrying vessel is not given, this stipulation is to be waived only with the concurrence of the underwriters (Insurers) and the stipulation required by the insurers are to be given.

(ii) Branches are advised not to open Letters of Credit, calling for Bill of Lading/Airway Bill or Post Parcel in their own name (without indicating the name of the importer who should invariably be the opener of the Letter of Credit) as this would leave room for misuse by means of change of ownership subsequent to importation in violation of clause 5(3) (iii) of the Import Trade Control Order, 1955 – the Collector of Customs has informed that in such cases the Authorized Branch named in the relative Bill of lading/Airway Bill/Post Parcel will be treated as the importer with the attendant responsibilities.

(iii) In case of request from the importer that the Letter of Credit be got confirmed by advising bank, necessary instructions for confirmation should only be issued after explaining to the importer that they should be sure about integrity of the beneficiary.

(iv) In case of import of raw material, edible oils and chemicals, etc., a certificate of quality from General Superintendence Company or a similar agency should be called for.

(v) The letter of credit should invariably be advised through one of our correspondent banks and normally restricted to them.

(vi) Further, while issuing Import Letter of Credit, AD branches are advised to mention invariably a condition that "Any manual amendment/ rectification on Bill of Lading is not acceptable". This may lead to non-realization of insurance claim, if any, in case any eventuality.

2.61 Power for Allowing Opening of Import LC in Certain Cases:

- a) Charter Party / Tanker / House Bill of Lading
- b) Third Party Bill of Lading

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- c) Forwarders' Cargo Receipt
- d) House Airway Bill / AWB issued by freight forwarder
- e) Age of the carrying vessel beyond prescribed 20 years
- f) Blank Back / Short Form Bill of Lading
- g) Shipping documents issued prior to the date of credit
- h) Acceptance of stale documents.
- i) Containing a provision that goods can be carried on deck.
- j) Any other operational issue related to opening of Import LC.

Power has been vested with authorities as under to allow approval of cases as mentioned above:

- i. At the time of regular Sanction/Renewal/Review/Enhancement
 - a. LCB/ELCB/CHCAC and above - Respective Sanctioning Authority.
 - b. GBB/PLP/MCC - To obtain permission from CHCAC to consider the proposal under their respective loaning powers.
 - c. CBB/MCB - To obtain permission from ZOCAC to consider the proposal under their respective loaning powers.
- ii. In the cases of borrowal accounts, where mentioned clauses are not part of regular sanction, power to allow any of the mentioned clauses, in the interim for any transaction shall be as under:

Borrowal Account	Power to allow mentioned clauses
In case of borrowal accounts falling under sanction up to CHCAC.	CHCAC
In case of borrowal accounts of GBB/CBB/MCB/MCC falling under sanction of ZOCAC or Head Office committees.	ZOCAC
In case of borrowal accounts of LCB/ELCB	In-charge of LCB / ELCB Head

Further, at the time of Renewal/Review/Enhancement, the approval be obtained in the regular sanction from the sanctioning authority as defined in clause (i) above.

2.62 Insurance:

(a) In case of contract on Ex Works, FOB and C&F basis, branches must ensure that appropriate insurance cover is obtained before opening the letter of credit. Branches obtaining insurance cover in India should go through the various stipulations in the cover note/insurance policy regarding carrying vessel and ensure that these are invariably incorporated in the letter of credit. All stipulations should be clear and specific and any onerous clause as "subject to usual Marine Insurance Clause" or "shipment by first class steamer" should not be accepted. If FLC is opened with "Transshipment Clause", "Transshipment Risk" should be covered under shipping insurance policy/cover note.

(b) Branches without direct authorization while forwarding applications for opening letters of credit on FOB or C & F basis will confirm that insurance cover has been obtained and also advise the stipulations in the cover note/insurance policy regarding carrying vessel to the letter of credit opening office, without which the letter of credit will not be established by the Authorized Branch.

2.63 Process, List of documents, timelines and charges

2.63.1 Process at AD Branch/ Trade Finance Centre:

The complete process /SOP to be followed by AD Branch/ Trade Finance Centre while handling transactions is shared on Bank's Knowledge Centre by HO: IBTFD.

2.63.2 List of Documents

The list of documents has been provided at **Annexure II**.

2.63.3 Timelines and charges

The time norms for foreign exchange transactions will be as per IBD FEX circular No. 57/2020 dated 09.04.2020, as amended from time to time.

Charges will be as per Bank approved Service charges prescribed vide L&A Circular No. 207/2021 dated 31.12.2021, as amended from time to time.

2.64 Mechanism for Customer grievances and appeal

Customer grievance will be handled as per responsible business conduct guidelines issued vide Customer Care Centre Circular No. 07/2026 dated 04.04.2026 (amended from time to time).

The customer can send grievances with respect to import and export transactions directly to the respective AD branch and Global Trade finance centre (GTFC) on the following email address:

Global Trade Finance Centre, New Delhi - cbotf@pnb.bank.in
Global Trade Finance Centre, Mumbai - tfcmbombay@pnb.bank.in
Global Trade Finance Centre, Chennai - tfcchennai@pnb.bank.in
Global Trade Finance Centre, Kolkata - tfckolkata@pnb.bank.in

If a complainant is not satisfied with the resolution provided at GTFC level, Aggrieved customers may appeal to below official:

General Manager, International Banking Division, Head Office, Sector 10, Dwarka, New Delhi e-mail: ibd@pnb.co.in Contact Number – 011-28044174

3. Validity and Review of the Operational Guidelines:

The operational guidelines shall remain valid for twelve (12) months from the date of approval of Policy (Part-I) by the Board and shall be subject to annual review. Further, Functional Committee, i.e., CRMC shall be authorised to extend validity of the operational guidelines for period up to three (3) months and the Board will be informed of such extension subsequently at the time of annual review.

OPERATIONAL GUIDELINES FOR REMITTANCES-OUTWARD AND INWARD

Division : **International Banking Division**
Version : **2026_IBD_1.0**



Guidelines Custodian

Division	International Banking Division
Officer in-charge	Divisional Head
Guidelines Contact	ibd@pnb.bank.in

Guidelines Version Control

S. No.	Version Number	Version Date	Summary of changes
1	2023_IBD_1.0	01-06-2023	Operational guideline is being bifurcated first time
2	2024_IBD_2.0	06.06.2024	i. Updation on LRS as per RBI circular. ii. Facility to grant loan in rupees to NRI/ PIO relative under the LRS has been incorporated.
3.	2025_IBD_1.0	02.06.2025	Consolidation of previously approved modifications
4	2026_IBD_1.0	07.09.2026	No change

Guidelines Governance

Frequency of Review	Annual
Last Reviewed on	07.09.2026
Approval Path	CRMC
Supersedes	IBD Forex Cir. No. 46/2025 dated 04.08.2025

1. Policy Overview:

This policy for remittances from/to India comprises Regulatory and procedural guidelines for Outward and Inward Remittances in terms of Master Directions issued by RBI under Foreign Exchange Management Act (FEMA) 1999, from time to time, has operational procedures which is being covered in this part of policy.

Bank shall undertake the remittances transaction, i.e., outward and inward through its AD Branches whereas processing of outward remittances will be done at Trade Finance Centers and processing of inward remittances will be done at ISB New Delhi. In few cases, processing of Inward remittance may be done at AD Branch level or TFC in collaboration with ISB New Delhi. The remittance transactions, i.e., Outward and Inward will be processed based on the extant bank/RBI/other guidelines.

2. Outward Remittances:

Broadly, outward Remittances have been classified in two parts, Liberalized Remittance Scheme in terms of RBI Mater Direction No. 7/2015-16 dated January 1, 2016 (Updated from time to time) and Other Remittances Facilities in terms of RBI Master Direction No. 8/2015-16 dated January 1, 2016 (Updated from time to time).

PART - A

2.1 Liberalized Remittance Scheme.

2.1.1 Background: The LRS was introduced on February 4, 2004, by Reserve Bank Of India vide A.P. (DIR Series) Circular No. 64 dated February 4, 2004 read with Government of India I Notification G.S.R. No.207 (E) dated March 23, 2004, as a liberalization measure to facilitate Resident Individuals to remit funds abroad for permitted Current or Capital account transactions or combination of both. These Regulations are amended from time to time to incorporate the changes in the regulatory framework and published through amendment notifications. Bank undertakes transaction under LRS through AD Branches and through digital modes, which are centrally processed at Trade Finance Centre, New Delhi.

2.1.2 Scope: In terms of Section 5 of the FEMA, persons resident in India, resident individuals, including minors (in case of remitter being a minor, the Form A2 must be countersigned by the minor's natural guardian.), are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both. Remittances under the LRS can be consolidated in respect of family members subject to individual family members complying with its terms and conditions. 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. Further, a resident cannot gift to another resident, in foreign currency, for the credit of the latter's foreign currency

account held abroad under LRS. The Scheme is not available to corporate, partnership firms, HUF, Trusts, etc.

2.1.3 Purpose: The limit of USD 2,50,000 per Financial Year (FY) under the Scheme includes/subsumes remittances for Capital account transactions and 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 Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2015 dated May 26, 2015.

2.1.4 Permissible CAPITAL ACCOUNT transactions by an individual under LRS:

- (i) Opening of foreign currency account abroad with a bank.
- (ii) Purchase of property abroad.
- (iii) Making investments abroad.
- (iv) Setting up Wholly Owned Subsidiaries and Joint Ventures (with effect from August 05, 2013) outside India for bonafide business activities subject to the stipulated guidelines in IBD Circular No. 8/2017 dated 17th January 2017 and subsequent amendments issued from time to time.
- (v) Extending loans including loans in Indian Rupees to Non-resident Indians (NRIs) who are relatives as defined in Section 2 (77) of the Companies Act, 2013.

Remittances under LRS is not permitted for capital account remittances to 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 of India. Remittances directly or indirectly to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by the Reserve Bank of India to the banks is also not permitted.

2.1.5 Permissible CURRENT ACCOUNT transactions by an individual under LRS:

- (i) Private visits abroad (Other than Nepal and Bhutan)
- (ii) Gift/donation
- (iii) Going abroad on employment
- (iv) Emigration
- (v) Maintenance of close relatives abroad
- (vi) Business trip
- (vii) Medical treatment abroad
- (viii) Facilities available to students for pursuing their studies abroad
- (ix) Any other current account transaction

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Both the above type of transactions, i.e., Current and Capital account transaction must be made in line with the prevailing FEMA guidelines. It is mandatory for the Resident Individual to provide his/her Permanent Account Number (PAN) to make remittance under the Scheme.

While allowing the facility to resident individuals, Branches are required to ensure that “Know Your Customer” guidelines have been implemented in respect of bank accounts. They should also comply with the Anti-Money Laundering Rules in force while allowing the facility.

2.1.6 Drawal of foreign exchange which includes use of International cards, viz., WTC, ICC, IDC and ATM Card, etc., are also covered under Liberalized Remittances scheme under the category of “Any other current account transaction” as per schedule III S. No.(ix).

2.1.7 LRS Reporting:

i) Monthly Reporting: It is mandatory on the part of the bank to furnish the information on remittances made under the Liberalized Remittance Scheme (LRS) on monthly basis, on or before the fifth of the following month to which it relates on CIMS Portal for which purpose they have been given user ID and password by the Reserve Bank. Where there is no data to furnish, AD banks are advised to upload ‘NIL’ figures on CIMS portal. The information is submitted to RBI from HO-IBD.

ii) Daily Reporting: In addition, banks are required to furnish the transaction wise information under LRS on a daily (T+1) basis, i.e., by the close of business of the next working day. Trade Finance Center, Delhi is Nodal Office for submission of the daily LRS to RBI on CIMS portal (URL : <https://sankalan.rbi.org.in>). In case no data is to be furnished, uploading of Nil report is required.

Record Identifier	PAN of remitter	Name of Remitter	Aadhar No	Beneficiary's Country Code	Date of Remittance	Purpose code	Currency Code	Amount in USD	Remarks/ any Other Comments

2.1.8 References: FED Master Direction No. 7/2015-16, dated January 1st, 2016 (Updated as on September 06, 2024) and operative guidelines issued through various Circulars by IBD and RBI from time to time.

Web link for all reporting information: https://rbi.org.in/Scripts/BS_Listofreturns.aspx.

2.1.9 Other instructions:

- (i) The Scheme 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.
- (ii) Individuals can also open, maintain and hold foreign currency accounts with a bank outside India for making remittances under the Scheme without prior approval of the Reserve Bank. The foreign currency accounts may be used for putting through all transactions connected with or arising from remittances eligible under this Scheme.
- (iii) Branch should not extend any kind of credit facilities to resident individuals to facilitate capital account remittances under the Scheme.
- (iv) The Scheme is not available for remittances for any purpose specifically prohibited under Schedule I or any item restricted under Schedule II of Foreign Exchange Management (Current Account Transaction) Rules, 2000, dated May 3, 2000, as amended from time to time.
- (v) A resident individual can make a rupee gift to a NRI/PIO who is a relative of the resident individual ['relative' as defined in Section 2(77) of the Companies Act, 2013] by way of crossed cheque /electronic transfer. The amount should be credited to the Non-Resident (Ordinary) Rupee Account (NRO) a/c of the NRI / PIO and credit of such gift amount may be treated as an eligible credit to NRO a/c. The gift amount would be within the overall limit of USD 250,000 per FY as permitted under the LRS for a resident individual. It would be the responsibility of the resident donor to ensure that the gift amount is within the LRS limit and all the remittances made by the donor during the financial year including the gift amount have not exceeded the limit prescribed under the LRS.
- (vi) The applicants should have maintained the bank account with the bank for a minimum period of one year prior to the remittances for capital account transactions. If the applicant seeking to make the remittances is a new customer of the bank, Authorised Dealers should carry out due diligence on the opening, operation and maintenance of the account. Further, the AD Branch should 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.
- (vii) The concerned should certify that the remittance is not being made directly or indirectly by /or to ineligible entities and that the remittances are made in accordance with the instructions contained herein.

- (viii) Resident individuals are also allowed to make remittances for all permissible purposes under LRS to International Financial Services Centres (IFSCs) in India, for:
- a. i) Availing financial services or financial products as per the International Financial Services Centres Authority Act, 2019 within IFSCs; and
 - ii) All current or capital account transactions, in any other foreign jurisdiction (other than IFSCs) through a foreign Currency account (FCA) held in IFSCs.
 - b. Resident Individuals may also open a Foreign Currency Account (FCA) in IFSCs, for making the above permissible investments under LRS.
 - c. Resident Individuals shall not settle any domestic transactions with other residents through the FCAs held in IFSC.
- (ix) Remittances under the Scheme can be used for purchasing objects of art subject to the provisions of other applicable laws such as the extant Foreign Trade Policy of the Government of India.
- (x) Investor, who has remitted funds under LRS can retain, reinvest the income earned on the investments. The received/realised/unspent/unused foreign exchange, unless reinvested, shall be repatriated and surrendered to an authorised person within a period of 180 days from the date of such receipt/realisation/ purchase/ acquisition or date of return to India, as the case may be, in accordance with Regulation 7 of Foreign Exchange Management (Realisation, repatriation and surrender of foreign exchange) Regulations, 2015 [Notification No. FEMA 9(R)/2015-RB]16. However, a resident individual who has made overseas direct investment in accordance with FEMA provisions, shall have to comply with the provisions contained in RBI/FED/2024-25/121 FED Master Direction No.15/2024-25 dated July 24, 2024 -Overseas Investment.

2.1.10 Facility to grant loan in rupees to NRI/ PIO relative under the Scheme

Resident individual is permitted to lend to a Non-resident Indian (NRI)/ Person of Indian Origin (PIO) relative ['relative' as defined in Section 2(77) of the Companies Act, 2013]18 by way of crossed cheque/ electronic transfer subject to the following conditions:

- (i) the loan is free of interest and the minimum maturity of the loan is one year;
- (ii) the loan amount should be within the overall limit under the Liberalised Remittance Scheme of USD 2,50,000 per financial year available for a resident individual. It would be the responsibility of the resident individual to ensure that the amount of loan granted by him is within the LRS limit and all the remittances made by the resident individual during a given financial year including the loan together have not exceeded the limit prescribed under LRS;

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- (iii) the loan shall be utilized for meeting the borrower's personal requirements or for his own business purposes in India.
- (iv) the loan shall not be utilized, either singly or in association with other person for any of the activities in which investment by persons resident outside India is prohibited, namely:
 - a. The business of chit funds
 - b. Nidhi Company, or
 - c. Agricultural or plantation activities or in real estate business, or construction of farm houses, or
 - d. Trading in Transferable Development Rights (TDRs).

Explanation: For the purpose of item (c) above, real estate business shall not include development of townships, construction of residential/ commercial premises, roads or bridges.

- (v) the loan amount should be credited to the NRO a/c of the NRI / PIO. Credit of such loan amount may be treated as an eligible credit to NRO a/c;
- (vi) the loan amount shall not be remitted outside India; and
- (vii) repayment of loan shall be made by way of inward remittances through normal banking channels or by debit to the Non-resident Ordinary (NRO) / Non-resident External (NRE) / Foreign Currency Non-resident (FCNR) account of the borrower or out of the sale proceeds of the shares or securities or immovable property against which such loan was granted.

PART - B

2.2 Other Remittance Facilities:

2.2.1 Scope: For release of foreign exchange to persons resident in India for various Current Account transactions, Banks to refer the Rules framed by the Government of India under Section 5 of the Foreign Exchange Management Act, 1999. In terms of the said Rules, drawal of foreign exchange for certain categories of transactions listed in Schedule I is expressly prohibited. Exchange facilities for transactions included in Schedule II to the Rules may be permitted by the Authorized Dealer banks provided the applicant has secured the approval from the Ministry/Department of the Government of India as specified therein, in respect of transactions included in Schedule III to the Rules, prior approval of the Reserve Bank would be required for remittance exceeding the specified limits. All applications for release of foreign exchange exceeding the limits as prescribed in Schedule III to the Rules should be referred to the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank, under whose jurisdiction the applicant is functioning /residing. Release of foreign exchange is not admissible for travel to and transaction with residents of Nepal and Bhutan.

2.2.2 List of Transactions Included in Other Remittance Facilities:

2.2.2.1 Remittance of Salary: A person who is resident but not permanently resident in India and –

- a) Is a citizen of a foreign State other than Pakistan; or
- b) Is a citizen of India, who is on deputation to the office or branch 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.

2.2.2.2 Gift /Donations: General permission is available to persons other than individuals to remit towards donations up-to one per cent of their 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 Reserve Bank of India, together with (a) details of their foreign exchange earnings during the last 3 years, (b) brief background of the company's activities, (c) purpose of the donation and (d) likely benefits to the corporate.

2.2.2.3 Commission to Agents Abroad for Sale of Residential Flats Or Commercial Plots In India: Remittances by persons other than individuals shall require prior approval of the Reserve Bank of India 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.

2.2.2.4 Remittances towards Consultancy Services: Remittances by persons other than individuals shall require prior approval of the Reserve Bank of India if remittances exceed 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.

2.2.2.5 Remittances towards Re-Imbursement of Pre-Incorporation Expenses: Remittances by persons other than individuals shall require prior approval of the Reserve Bank of India 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.

2.2.2.6 Payment of Fees in Foreign Currency: Embassy affiliated educational institutions Authorized branch may sell foreign exchange towards payment of fees to schools/educational institutions under the administrative control of foreign embassies.

2.2.2.7 Remittance Towards Payments of Collected Subscription To Overseas TV Media Company: AD branch may allow cable operators or collection agents in India of overseas TV media companies, to remit subscription collected from subscribers in India/advertisement charges collected from the advertisers who are eligible to advertise on overseas TV channels without any prior permission from the Reserve Bank.

2.2.2.8 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 authorized such projects to be executed in India. In such cases, AD may sell foreign exchange to the concerned resident Indian company which has been awarded the contract.

2.2.2.9 Sale of Overseas Telephone Cards: AD may allow agents in India of the overseas organizations issuing pre-paid telephone cards to remit the sale proceeds of such cards, net of their commission, to the issuers of the telephone cards.

2.2.2.10 Liberalization of Foreign Technical Collaboration Agreements: AD may permit drawal 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.

2.2.2.11 Drawal Of Foreign Exchange For Remittance For Purchase Of Trademark or Franchise In India: AD may permit drawal of foreign exchange by person for purchase of trademark or franchise in India without approval of the Reserve Bank.

2.2.2.12 Remittances for making tour arrangements by agents: AD Branch may affect remittances at the request of agents in India who have tie-up arrangements with hotels/ agents, etc., abroad for providing hotel accommodation or making other tour arrangements for travel from India, provided the AD is satisfied that the remittance is being made out of the foreign exchange purchased by the traveller concerned from an Authorised Person (including exchange drawn for private travel abroad) in accordance with the Rules, Regulations and Direction in force. AD may open foreign currency accounts in the name of agents in India who have tie up arrangements with hotels/ agents, etc., abroad for providing hotel accommodation or making other tour arrangements for travellers from India subject to compliance of RBI stipulations.

2.2.2.13 Remittances from NRO Accounts: Remittance from NRO accounts is permitted outside India for:

- (i) Current income like rent, dividend, pension, interest, etc. in India of the account holder.
- (ii) Remittance up to USD one million, per financial year (April- March), by NRI, subject to payment of tax, as applicable.
- (iii) Remittance of Assets : A citizen of a foreign state, not being a citizen of Nepal or Bhutan or a Person of Indian Origin (PIO), who – (i) has retired from an

employment in India, or (ii) has inherited assets from a person referred to in sub-section (5) of Section 6 of the FEMA; or (iii) is a widow resident outside India and has inherited assets of her deceased husband who was an Indian citizen resident in India, may remit an amount, not exceeding USD one million per financial year out of the balances in the account, on production of documentary evidence in support of acquisition, inheritance or legacy of assets by the remitter, subject to payment of taxes as prescribed by Central Board of Direct Taxes from time to time.

2.2.2.15 References: RBI Master Direction No. 8/2015-16 dated 01.01.2016, Updated from time to time, and operative guidelines issued through various Circulars by IBD and RBI from time to time.

2.2.2.16 In addition to the above, all remittances including Advance Payment for Import, ECB interest/installment, Buyer's Credit, Overseas Direct Investment (ODI) etc. will be routed through TFC, after ensuring compliance of FEMA and other guidelines issued by RBI from time to time.

2.2.2.17 Prohibition on drawal of Foreign Exchange: Drawal of foreign exchange by any person for the following purpose is prohibited, namely: a. a transaction specified in the Schedule I; or b). a travel to Nepal and/or Bhutan; or c). a transaction with a person resident in Nepal or Bhutan. Provided that the prohibition in clause (c) may be exempted by RBI subject to such terms and conditions as it may consider necessary to stipulate by special or general order.

2.2.3 Operational Procedure for Outward Remittances:

All outward remittances will be executed through Trade Finance Center (TFC) Delhi only. Authorized Branches, after receiving the Application from the customer, will send the duly filled and signed documents along with Branch approval letter to TFC Delhi for processing and TFC, before executing the remittance, will ensure compliance of FEMA stipulations and prescribed limit for the facilities for Remittances.

2.2.3.1 For Loading/Re-loading transactions in World Travel Card (WTC): Authorized branches for WTC to move the application containing the credential of the customer to ISB: Delhi over email for checking the history of remittances of the customer for that particular financial year in order to ensure that the transaction is well within the overall LRS limit of USD 2,50,000. As per the detailed information received from ISB: Delhi, the concerned branch will issue/load/re-load the WTC, only after ensuring that the total limit of USD 2,50,000 has not breached (inclusive of current transaction). The branch will maintain the record.

2.3 Indo-Nepal Remittance Scheme (INREMIT):

A large number of Nepalese citizens settled / working in India and also Indian citizens having relatives or business interests in Nepal are regularly remitting money to different places in Nepal. To provide a hassle free fast mode of remittance to Nepal and also to mobilize this business to our fold, fully automated Indo Nepal Remittance Scheme (INREMIT) was introduced in 2011. The scheme is live for pan India branches in CBS menu "INREMIT" in Finacle and integrated with a web based portal of EBL. The facility

is available to Bank's customers / non-customers for effecting remittances to Nepal under INREMIT module through all our branches in India and BCs (through Financial Inclusion Division). It is also available in PNB Mobile Banking app and Retail Internet Banking. We are managing this business of remittances to Nepal through its joint venture partner Everest Bank Limited (EBL), Nepal and the scheme provides remittance facility from India to Nepal only. Remittances affected under INREMIT are payable to the beneficiaries in Nepal as per instructions of the remitter either by credit to beneficiary account with EBL or credit to account with other banks in Nepal or cash payment through EBL branches and payout locations in Nepal.

2.4. Sale of foreign exchange:

All our AD branches are authorized to sale, up to the prescribed ceiling specified in Schedule III to the Foreign Exchange Management (Current Account Transaction) Rules, 2000 during a financial year to persons resident in India for undertaking one or more private visits to any country abroad (except Nepal and Bhutan).

Authorized branches may accept payment in cash below Rs. 50,000/- (Rupees fifty thousand only) against sale of foreign exchange for travel abroad (for private visit or for any other purpose). Wherever the sale of foreign exchange is for the amount equivalent to Rs. 50,000/- and above, whether it involves a single drawal or multiple drawals for a single journey, the payment must be received only by a crossed cheque drawn on the applicant's bank account or crossed cheque drawn on the bank account of the firm sponsoring the visit of the applicant or electronic funds transfer through banking channel by applicant or sponsoring company or banker's cheque / pay order / demand draft. In addition to the payment by Rupees/ through crossed cheque/ banker's cheque/ pay order/ demand draft/electronic funds transfer through banking channel, Authorised Persons may also accept the payments made by the traveller through debit cards/ credit cards/ prepaid cards for travel abroad (for private visit or for any other purpose) provided- (i) KYC/ AML / CFT guidelines are complied with, (ii) sale of foreign currency/ issue of foreign currency traveller's cheques is within the limits (credit/ prepaid cards) prescribed by the bank, (iii) the purchaser of foreign currency/ foreign currency travellers' cheque and the credit/ debit/ prepaid card holder is one and the same person. The sale of foreign currency notes and coins within the overall entitlement of foreign exchange should be restricted to the limits prescribed by the Reserve Bank from time to time for the country of visit of the traveller.

2.5 Income- tax clearance:

Reserve Bank of India will not issue any instructions under the FEMA, regarding the procedure to be followed in respect of deduction of tax at source while allowing remittances to the non-residents. It shall be mandatory on the part of Branches/TFC to comply with the requirement of the tax laws, as applicable.

PART - C

3. Inward Remittances:

3.1 Background:

The flow of inward remittances has been pivotal in financing the trade deficit. India is one of the top recipient countries of remittances sent by a large pool of skilled, semi-skilled and unskilled Indian migrants across the globe. Authorized Dealers (ADs) acts as intermediaries for remittances received by residents and play a prominent role in intermediating remittances flowing into India.

3.2 Coverage and Mode of Inward Remittances:

Our Bank operates through different schemes of payment transfers, ranging from traditional modes like cheques and drafts to more advanced, easier and faster transmission channels. All inward Remittances are channelized through our International Service Branch, Delhi, which acts as a Centralized Nodal Office for all Inward Remittances. Some of the common methods of receipt of Inward remittances is as under:

- (i) Personal Cheques (issued by the overseas remitter),
- (ii) Demand Drafts issued by overseas banks
- (iii) Remittances received through Swift
- (iv) MTSS (Money Transfer Service Schemes)
- (v) Rupee Drawing Arrangements (Drafts / Speed Remittance)
- (vi) Any other method prescribed by RBI and adopted by bank.

Inward remittances shall be either in foreign currency or in Indian Rupees. In case of the former, the foreign currency amount will be converted into Indian Rupees at the appropriate buying rate and paid to the beneficiaries in India.

In terms of FEDAI RULES 10th edition last Updated up to 05 April 2024, RULE - 4 PARA 4.3, it is stipulated that “Foreign currency remittance up to certain amount, as per uniform policy of respective bank, may be converted immediately, for their own customer into Indian Rupee if all information required for crediting the remittance to beneficiary account is available and there is no instruction to the contrary. Remittance in excess to such certain amount shall be executed in foreign currency or can be converted to other currency(ies) with due intimation to or consent from, the beneficiary”

As per prevailing operative guidelines in the Bank for all the Inward remittance up to USD 10000 (or equivalent in other currencies) may be converted immediately, for their own customer into Indian Rupee, if all information required for crediting the remittance to beneficiary account is available and there is no instruction to the contrary. Remittance in excess to of USD 10000 or Equivalent and above shall be executed in foreign currency or can be converted to other currency(ies) with due intimation to or consent from the beneficiary.

For Inward remittances where beneficiary account constitution is individual, the amount up to USD 20000 (or equivalent in other currencies) may be converted immediately, if

all information required for crediting the remittance to beneficiary account is available and there is no instruction to the contrary.

3.2.1 Personal Cheque & Demand Drafts: Foreign Currency DDs are directly sent to Treasury Division by the branches and proceeds are received in Non-Customer account of the branch.

3.2.2 MTSS (Money Transfer Service Scheme):

RBI vide their Master Direction No. RBI/FED/2016-17/52 FED No.1/2016-17 dated 22 February 2017(updated from time to time), issued instruction/guidelines on Money Transfer Service Scheme (MTSS) for ADs which is summarized as MTSS is a quick and easy way of sending personal remittances from abroad to beneficiaries in India, mainly in the form of cash payment. Only personal remittances are allowed through this Arrangement. Trade related remittances, remittance towards purchase of property, investments, donations / contributions to charitable institutions / trusts are not permitted. A cap of US\$ 2,500 has been placed on individual transaction and amounts up to Rs. 50,000/- may be paid in cash. Any amount exceeding this limit shall be paid by means of cheque/demand draft/pay orders or credited directly to the beneficiary's account (other than NRE/FCNR). Only 30 remittances can be received by a single individual beneficiary under the scheme during a calendar year. Branches, not having Internet facility, can handle remittances through CBS menu "MTSS".

3.2.3 Remittances through Rupee Drawing Arrangements (RDAs):

- (i) **Draft Drawing Arrangement:** Drafts are issued by the Exchange Houses, drawn on our International Service Branch, New Delhi (payable at all branches in India). All branches are authorized to make the payment. The exchange Houses maintain adequate funding for in their respective Vostro accounts for honoring the dedicated DD accounts.
- (ii) **Speed Remittance arrangement:** Under Speed Remittance procedure, Exchange Houses upload payment instructions on a file format through Corporate Internet Banking Service. The files uploaded by Exchange Houses are checked and approved by ISB, and respective accounts of beneficiaries are credited through the processes followed by ISB.

3.2.4 Purchases of Foreign Currency from Public:

All AD Branches are authorized to freely purchase foreign currency and traveller's cheques from residents as well as non- residents. Where the foreign currency was brought in by declaring on form CDF, the renderer should be asked to produce the same. The production of declaration in CDF should invariably be insisted upon. Requests for payment in cash in Indian Rupees to resident customers towards purchase of foreign currency notes and/ or Travellers' Cheques from them may be acceded to the extent of only USD 1,000 or its equivalent per transaction. Requests for payment in cash by foreign visitors / Non-Resident Indians may be acceded to the

extent of only USD 3,000 or its equivalent per transaction. AD may sell Indian Rupees to foreign tourists / visitors against International Credit Cards / International Debit Cards and take prompt steps to obtain reimbursement through normal banking channels. While making payments in Indian Rupees to resident customers towards purchase of foreign currency notes and/ or traveller's cheques, payment can be made in cash / by way of account payee cheque / demand draft/ loading in INR debit cards/electronic funds transfer through banking channel, as per prescribed limits (As per Income Tax guidelines).

Encashment Certificate:

- (i) AD may issue certificate of encashment when asked for in cases of purchases of foreign currency and travellers cheques from residents as well as non-residents.
- (ii) In cases where encashment certificate is not issued, attention of the customers should be drawn to the fact that unspent local currency held by non-residents will be allowed to be converted into foreign currency only against production of a valid encashment certificate.

3.2.5 Sales against Reconversion of Indian Currency:

AD Branches may convert into foreign currency, unspent Indian currency held by non-residents at the time of their departure from India, provided a valid Encashment Certificate is produced.

Note (1): AD branch may convert at their discretion, unspent Indian currency up to Rs.10,000 in the possession of non-residents if, for bonafide reasons, the person is unable to produce an Encashment Certificate after ensuring that the departure is scheduled to take place within the following seven days.

Note (2): AD Branch may provide facility for reconversion of Indian Rupees to the extent of Rs.50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents.

- (i) Valid Passport and VISA
- (ii) Ticket confirmed for departure within 7days.
- (iii) Original ATM slip (to be verified with the original debit/ credit card).

4. Reporting under FETERS: All sale and Purchase transactions are reported to RBI on fortnightly basis through R>Returns under FETERS, with proper purpose code, by Trade Finance Centre, Delhi.

5. Validity and Review of the Operational Guidelines:

The operational guidelines shall remain valid for twelve (12) months from the date of approval of Policy (Part-I) by the Board and shall be subject to annual review. Further, Functional Committee, i.e., CRMC shall be authorised to extend validity of the operational guidelines for period up to three (3) months and the Board will be informed of such extension subsequently at the time of annual review.

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ANNEXURE-I

APPLICATION CUM FORM A2 TRANSACTIONS UNDER LIBERALISED REMITTANCE SCHEME

{Telegraphic Transfer (TT) / Demand Draft (DD) /Foreign Currency Notes (CN)}

AD CODE :

Branch D No. :

To,

The Branch Head

Punjab National Bank B/o

Sub: Application for drawl of Foreign Exchange

A. Details of the Applicant:

Name of the Applicant	
Applicant's Customer ID	
Applicant's Account Number	
Address	
Applicant Email ID and contact number	
PAN No. (Mandatory)	

A.1 Remittances under the Scheme can be consolidated in respect of family members subject to individual family members complying with its terms and conditions. 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. Further, a resident cannot gift to another resident, in foreign currency, for the credit of the latter's foreign currency account held abroad under LRS. The required information for clubbing, if any, is as under:

S. No.	Name of Family member	Relation	Purpose of remittance	Date of remittance, if done	Name of AD Bank/Branch	PAN	Amount of remittance (in USD)

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Details of Foreign Exchange drawl, Mode, Purpose and Source of Funds:

B (1) the appropriate box) ☐ / We request you to issue (Tick)

Telegraphic Transfer (TT)	
Demand Draft (DD)	
Foreign Currency Notes (CN)	

Fill-up either B(2a) OR B (2b)

B(2a) For remittance of fixed amount of Foreign Currency

Foreign Currency	
FC Amount in figures	
FC Amount In words	

OR

B(2b) For remittance of equivalent of Foreign Currency of Fixed Rupee Amount

Foreign Currency	
INR Amount in figures	
INR Amount In words	

B(3) Purpose of Remittance with Purpose Group & Code (For details refer Appendix)

Purpose Group	Purpose Code	Whether under LRS(YES/NO)	Purpose Description

B(4) Country code providing ultimate services (if the purpose group No. is 02, 03 ,05 ,06,07,08,09,10,11,15,16 or 17)

Name of the country providing ultimate services:	
--	--

B(5) Source of Funds

Source of funds	
In case of Education loan, give loan amount and margin separately	Education Loan Amount: Margin Amount:

C Beneficiary Details:

Beneficiary's name and Address (In caser GIC payment address as per passport may also be given)	
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Beneficiary's Bank Name (in case of Telegraphic Transfer)	
Beneficiary's A/c Number (in case of Telegraphic Transfer)	
University/Student reference No., if student abroad	
Beneficiary's Bank Address including Country (in case of Telegraphic Transfer)	SWIFT code _____ IBAN _____
Intermediary Bank details (if applicable)	SWIFT code _____ IBAN _____
Correspondent Bank charges borne by (select any one)	[] Beneficiary(BEN) [] Remitter(OUR) [] Sharing(SHA)

D. The details of Forward Contract(s), if any, booked against this payment is/are as follows –

Forward Contract No. & Date	Forward Contract Amount	Amount to be Utilized for this remittance	Due Date of the Contract

E. I/ We authorize you to debit my Saving Account No. _____ with you for effecting remittance as detailed above at current market rate along with your charges and applicable government tax. I ensure that I will maintain sufficient balance in the account equivalent to remittance amount plus bank charges. I understand that Bank shall not be liable for any consequences arising out of the Bank's failure to carry out such instructions due to non maintenance of balance in the account and I/WE shall be responsible to repay any loss incurred due to adverse fluctuation in the currency rates with interest due to non maintenance of the sufficient balance in the account.

Declaration under FEMA 1999 as per Form A2:

I/We,------(Name) declare that the total amount of foreign exchange purchased from or remitted through, all sources in India, during the financial year including this application is within the overall limit of the Liberalized Remittance Scheme prescribed by the Reserve Bank of India i.e. USD 250,000/= (USD TWO

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HUNDERED FIFTY THOUSAND ONLY.) and 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.

Details of the remittances made/transactions effected under the Liberalized Remittance Scheme in the current financial year(April to March____) is as follows:-

Sr. No.	Date	Amount in Foreign Currency	Purpose	Name and address of AD branch through which the transaction has been effected

Declaration by Applicant

I/We_____ (Name) hereby declare that-

- (i) I am a person resident in India
- (ii) I / We shall be responsible and liable for any incorrect detail provided by me/us.
- (iii) I / We shall also hereby agree and undertake to give such information / documents as will reasonably satisfy you about this transaction in terms of the above declaration.
- (iv) I have not availed any loan / credit / borrowings for remitting under Liberalized Remittance Scheme for Capital Account transactions.
- (v) The remittance is not being requested for any purpose specifically prohibited under Schedule I or any item restricted under Schedule II of Foreign Exchange Management (Current Account Transaction) Rules,2000.
- (vi) The remittance is not being requested for any transaction not permissible under FEMA and those in the nature of remittance for margins or margin calls to overseas exchanges / overseas counter party are not allowed under the Scheme.
- (vii) 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 of India
- (viii) The remittance is not being sent directly or indirectly to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by the RBI to the banks
- (ix) The remittance is not being sent for purchase of FCCBs issued by Indian companies in the overseas secondary market.
- (x) The remittance is not being sent for trading in foreign exchange abroad.
- (xi) In case of foreign remittance is for the purpose of Gift, I confirm that beneficiary is not a resident of India.

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

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 there under.

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 understand 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.

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.

Yours faithfully

Signature of Applicant/Guardian Account Number:

Date_____

For office use, to be filled by bank official:

Certificate by the A D Branch

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

Name and designation of the authorized official.

Signature

Stamp and Seal

Date and Place-----

Purpose Codes for Reporting under LRS

Purpose Name	Group	Purpose Code	Description
Capital Account Transactions	00	S0005	Purchase of Immovable Property
	00	S0001	Indian Portfolio investment abroad – in equity shares
	00	S0002	Indian Portfolio investment abroad – in debt instruments
	00	S0003	Indian Direct investment abroad (in branches & wholly owned subsidiaries) in equity Shares
	00	S0004	Indian Direct investment abroad (in subsidiaries and associates) in debt instruments
	00	S0021	Payments made on account of sale of share under Employee stock option
	00	S0022	Investment in Indian Depositories Receipts (IDRs)
	00	S0023	Opening of foreign currency account abroad with a bank under LRS
Current Account Transactions	03	S0301	Business travel.
	03	S0303	Travel for pilgrimage
	03	S0304	Travel for medical treatment
	03	S0305	Travel for education (including fees, hostel expenses etc.)
	03	S0306	Travel for Employment and Personal
	13	S1301	Maintenance of Close Relatives
	11	S1108	Medical Treatment
	11	S1107	Studies Abroad
	13	S1307	Emigration
	00	S0011	Loans extended to Non-Residents close relative
	06	S0603	Health Insurance
	13	S1302	Gift
	13	S1303	Donation

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एकीकृत जोखिम प्रबंधन प्रभाग, प्रधान कार्यालय
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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, sweep stakes, 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. Remittance of interest income on funds held in Non-Resident Special Rupee (Account)Scheme

Schedule II

Transactions which require prior approval of the Central Government

Purpose of Remittance	Ministry / Department of Govt. of India whose approval is required
1. Cultural Tours	Ministry of Human Resources Development, (Department of Education and Culture)
2. Advertisement in foreign print media for the purposes other than promotion of tourism, foreign investments and international bidding (exceeding USD 10,000) by a State Government and its Public Sector Undertakings	Ministry of Finance, (Department of Economic Affairs)
3. Remittance of freight of vessel chartered by a PSU	Ministry of Surface Transport, (Chartering Wing)
4. 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)
5. Multi-modal transport operators making remittance to their agents abroad	Registration Certificate from the Director General of Shipping
6. Remittance of hiring charges of transponders by (a) TV Channels (b) Internet Service providers	Ministry of Information and Broadcasting Ministry of Communication and Information Technology
7. Remittance of container detention charges exceeding the rate prescribed by Director General of Shipping	Ministry of Surface Transport (Director General of Shipping)

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एकीकृत जोखिम प्रबंधन प्रभाग, प्रधान कार्यालय
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8. omitted	
9. Remittance of prize money/sponsorship of sports activity abroad by a person other than International / National / State Level sports bodies, if the amount involved exceeds USD 100,000.	Ministry of Human Resources Development (Department of Youth Affairs and Sports)
10. Omitted	
11. Remittance for membership of P&I Club	Ministry of Finance (Insurance Division)

SCHEDULE III (See rule 5)

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

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.

- (i) Private visits to any country (except Nepal and Bhutan).
- (ii) Gift or donation.
- (iii) Going abroad for employment.
- (iv) Emigration.
- (v) Maintenance of close relatives abroad
- (vi) 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.
- (vii) Expenses in connection with medical treatment abroad.
- (viii) Studies abroad
- (ix) Any other current account transaction

Drawal of foreign exchange which includes use of International cards viz. WTC, ICC, IDC and ATM Card etc. are also covered under Liberalized Remittances scheme under the category of “Any other current account transaction” as per schedule III S.

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एकीकृत जोखिम प्रबंधन प्रभाग, प्रधान कार्यालय
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ANNEXURE-II

LIST OF DOCUMENTS

Bills Under LC(N/D/FABC)			
S. No.	Type of Document	Name of Document(As mentioned in LC)	To be taken from
1	Mandatory Documents	Branch Approval Letter	BRANCH
		FEMA Declaration	CUSTOMER
		Bill of Exchange (If drawn/required)	CUSTOMER
		Invoice	CUSTOMER
		Transport Document	CUSTOMER
		Shipping Bill Summary	CUSTOMER
		Original Letter of credit along with the amendments	CUSTOMER
		Specific approval obtained by IBTFD (In case of unapproved bank)	BRANCH
		Party's request letter	BRANCH
		Certificate of Insurance(as per LC)	CUSTOMER
		Documents as per LC	CUSTOMER
	Non-Mandatory Documents	Packing List	CUSTOMER
		Certificate of Origin	CUSTOMER
		Beneficiary's certificates	CUSTOMER
		Any other relevant document, as per LC terms	CUSTOMER
Bills Under Purchase Order/Sales Contract(P/D/FABC)			
S. No.	Type of Document	Name of Document	To be taken From
1	Mandatory Documents	Branch Approval Letter	BRANCH
		FEMA Declaration	CUSTOMER
		Bill of Exchange (If drawn/required)	CUSTOMER

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		Invoice	CUSTOMER
		Specific approval obtained by IBTFD (In case of unapproved bank)	BRANCH
		Transport Document	CUSTOMER
		Shipping Bill Summary	CUSTOMER
		Purchase/Sales Contract	CUSTOMER
		Credit report of buyer	BRANCH
		Buyer-wise ECGC policy, if applicable	CUSTOMER
		Certificate of Insurance (as per INCO Terms, if applicable)	CUSTOMER
		Party's request letter	CUSTOMER
	Non-Mandatory Documents	Packing List	CUSTOMER
		Certificate of Origin	CUSTOMER
		Beneficiary's certificates	CUSTOMER
		Any other relevant document	CUSTOMER
Bills Under Collection(LC)			
S. No.	Type of Document	Name of Document (As per LC)	To be taken From
1	Mandatory Documents	Branch Approval Letter	BRANCH
		FEMA Declaration	CUSTOMER
		Original Letter of credit along with the amendments	CUSTOMER
		Bill of Exchange(If drawn/required)	CUSTOMER
		Invoice	CUSTOMER
		Certificate of insurance (if applicable, as per INCO Terms)	CUSTOMER
		Shipping Bill Summary	CUSTOMER
		Transport Document	CUSTOMER
	Non-Mandatory Documents	Certificate of origin	CUSTOMER
		Beneficiary's certificates	CUSTOMER
		Packing List	CUSTOMER

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एकीकृत जोखिम प्रबंधन प्रभाग, प्रधान कार्यालय
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		any other relevant document	CUSTOMER
Bills Under Collection (Without LC)			
S. No.	Type of Document	Name of Document	To be taken From
1	Mandatory Documents	Branch Approval Letter	BRANCH
		FEMA Declaration	CUSTOMER
		Purchase Order	CUSTOMER
		Bill of Exchange(If required)	CUSTOMER
		Invoice	CUSTOMER
		Certificate of insurance, if applicable as per INCO Terms	CUSTOMER
		Shipping Bill Summary	CUSTOMER
		Transport Document	CUSTOMER
	Non-Mandatory Documents	Certificate of origin	CUSTOMER
		Beneficiary's certificates	CUSTOMER
		Packing List	CUSTOMER
		any other relevant document	CUSTOMER
Bills Under Collection (Direct Dispatch)			
S. No.	Type of Document	Name of Document	To be taken From
1	Mandatory Documents	Branch Approval Letter	BRANCH
		Approval of competent authority for Direct dispatch	BRANCH
		Invoice	CUSTOMER
		Packing List	CUSTOMER
		Shipping Bill Summary	CUSTOMER
		FEMA Declaration	CUSTOMER
		Transport Document	CUSTOMER
	Non-Mandatory Documents	Certificate of origin	CUSTOMER
		Beneficiary's certificates	CUSTOMER
		Certificate of Insurance	CUSTOMER

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		any other relevant document	CUSTOMER
Bills under Advance			
S. No.	Type of Document	Name of Document	To be taken From
1	Mandatory Documents	Branch Approval Letter	BRANCH
		Invoice	CUSTOMER
		Transport Document	CUSTOMER
		Shipping Bill Summary	CUSTOMER
		FEMA Declaration	CUSTOMER
	Non-Mandatory Documents	Packing List	CUSTOMER
		Certificate of origin	CUSTOMER
		Beneficiary's certificates	CUSTOMER
		Certificate of insurance	CUSTOMER
		Any other relevant document	CUSTOMER
		Certificate of insurance	CUSTOMER
Collection Realization			
S. No.	Type of Document	Name of Document	To be taken From
1	Mandatory Documents	Branch Approval Letter	BRANCH
		Realization sheets as per format provided to AD	BRANCH
		RETAD report sheet(If reporting is done by AD)	BRANCH
		Bill Lodgement details	BRANCH
		Mirror number and NOSTRO details (If reporting to be done by TFC)	BRANCH
	Non-Mandatory Documents	Any other relevant document	CUSTOMER/BRANCH

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Annexure-III

Oversight responsibilities of the Board/ Committees of the Board

S. No.	Board/ Committee of the Board/ Functional Committee	Details of Oversight responsibilities	Policy Reference i.e. Para No. of the Policy in which oversight responsibilities have been defined	Subject/ Title of the agenda note to be placed	Division responsible for placing the note	Periodicity of placing the note
	-----NIL-----					
