THE MAHARASHTRA STATE CO-OPERATIVE BANK LTD., MUMBAI
(Incorporating The Vidarbha Co-op. Bank Ltd.)

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Foreign Exchange Business & Trade Finance Policy

Version 4.0

Foreign Exchange Business & Trade Finance Policy

(For the Financial year 2025-2026)

Index

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Chapter 1 - Scope

Our Bank has formulated this Foreign Exchange Business & Trade Finance Policy on the basis of various guidelines / master circulars & directions issued by Reserve Bank of India from time to time and in consonance with Foreign Exchange Management Act, 2000. Also, Bank has taken into consideration foreign trade policy issued by Director General for Foreign Trade, Mumbai

Further, cognizance has been taken in respect of various publications issued by Foreign Exchange Dealers Association of India, Mumbai & Publications like UCPDC / URC / URR / Inco terms issued by International Chamber of Commerce, Paris.

Objectives of Foreign Exchange Business & Trade Finance **Policy:** Main Objective of Foreign Exchange Business & Trade Finance policy is to provide the bank staff a clear cut direction and guidance while handling the client foreign exchange business in the International Banking Division and to update them with latest regulatory guidelines so that chances of violations while handling the transactions are minimized and they can provide the clients better service more confidently. This will ultimately help the bank in managing the foreign exchange business more efficiently and their risks prudently.

Modifications & Review:

This Policy forms an integral part of the Credit Policy of the Bank. The Policy will be amended when needed to give effect to the guidelines that may be advised by RBI from time to time.

Tenor of Foreign Exchange Business & Trade Finance Policy: The Policy shall remain in force till it is reviewed in the next financial year.

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Chapter 2 - Overview

Foreign Exchange Business transactions in India are conducted in accordance with the Foreign Exchange Management Act, 1999 (FEMA). It came into effect from June 1, 2000 with a sunset clause of two years. The objective was to facilitate external trade and payments along with orderly development and maintenance of the forex market in India.

Taking into account the evolving macroeconomic conditions and developments in the external sector, there has been continuous process of deregulation and liberalization of regulations on external transactions. This has resulted in several amendments to the provisions of FEMA since its enactment in 1999.

Under Section 11 of FEMA, Reserve Bank of India has been given the powers of Forex Controller as well as Regulator for forex business. In that capacity RBI is empowered to issue various types of Forex Licenses for undertaking foreign exchange business. In 1988, considering the foreign exchange needs of our Bank's clients, our Bank applied to RBI for License to handle Foreign Exchange business transactions and were issued this license. We are presently holding Authorised Category I license which empowers our Bank to handle most of the foreign exchange business needs of our customers and the validity of this license is coterminous with that of our Banking License.

As a Regulator, RBI advises all the Authorized Dealer Banks of various Rules, Guidelines, Regulations, Notifications and Directions issued under FEMA from time to time for conducting various types of forex transactions.

Further, Government of India, Ministry of Commerce has empowered Director General of Foreign Trade (DGFT) to frame Foreign Trade Policy and regulate Import Export Business in India. Before liberalization in 1991, DGFT used to frame Foreign Trade Policy every year. But now, to provide Importers & Exporters comfort of Continuity in trade policy, it is framed as a 5 year foreign trade policy with annual amendments wherever necessary.

RBI has authorised Foreign Exchange Dealers Association of India, Mumbai the role of Market Regulator whereby they act as arbitrators in case of any disputes between A.D.'s. While issuing the foreign exchange business license, RBI puts a condition that the Authorised Dealer has to be a member of FEDAI. Accordingly, our Bank is a member of FEDAI, Mumbai. FEDAI represents our country in International Chamber of Commerce, Paris forums, seminars and meetings.

Nostro Accounts:

For smoothly conducting the forex transactions, AD Category - I bank needs to hold and maintain foreign currency accounts abroad through which foreign exchange business transactions are routed. Such accounts if held at a foreign centre and in a foreign currency are referred to as Nostro accounts. The currencies in which such accounts are to be maintained and the number of such accounts in each currency to be held depends on the volume and type of the forex business being handled by the Bank. In our Bank, we are currently maintaining the following Nostro accounts:

Two accounts in US Dollars maintained with Habib American Bank, New York and HDFC Bank, IBU, Gift city, Ahmedabad

Two accounts in Euro maintained with Bank of India, Paris and HDFC Bank, IBU, Gift city, Ahmedabad

One account in Japanese Yen with Bank of India, Tokyo

Depending upon the business requirements, more accounts may be opened by the Bank in future.

Categorization of branches:

As per the categorization norms of Reserve Bank of India, branches shall be classified into three categories.

"A" category branch is one which maintains the Nostro accounts of the Bank. It is also known as Position Maintaining Branch or PMB.

"B" category branch is one which is authorized by the Bank to handle all or selected types of forex transactions independently without routing the same through any "A" category branch but operating the Nostro accounts maintained by the "A" category branch for receiving/effecting payments.

"C" category branch is one which is not an "A" & "B" category branch

In our Bank, our Forex Treasury department has been categorized as the "A" category branch. It is also the nodal branch for the purpose of submission of the statutory R-Returns.

To provide prompt and effective service to the forex customers by directly and independently handling the forex transactions, our Bank has currently designated International Banking Division, Nariman Point as "B" category branch which will handle all merchant transactions for the Bank's clients seeking forex services.

All the remaining branches are "C" category branches. Any customer of "C" category branch seeks any foreign exchange service will approach his parent branch. The staff at the branch will contact International Banking Division to know all the procedures and collect necessary documents / papers from the customer and forward the same to International Banking Division who will thereafter process the transaction and provide the necessary service to the customer.

Controlling Office for Forex transactions:

Presently, International Banking Division, Nariman Point is only our "B" category branch and is entrusted with the task of discharging following functions:

- Monitoring the development of foreign exchange business of the bank by fixing annual FE business targets for various Regions and reviewing their performance periodically.

- Laying down of Systems & Procedures related to the Foreign Exchange business inconsonance with RBI Guidelines issued under FEMA, 1999 and internal guidelines framed by the bank from credit angle.

- Issuance of Forex Circulars to all the branches for guidance and updating of the knowledge on forex matters relevant for the branches.

- Submission of consolidated periodical returns to RBI except R-Return.

- Liaisoning with other banks relating to sanction /renewal of various credit limits enjoyed with them.

- Liaisoning/corresponding with external service providers like, FEDAI, ECGC, SWIFT, Courier, Money Changers etc.

- Compliance & closure of all types of audit reports related to foreign exchange business.

- Developing new FE products to cater to the needs of various forex customers.

- Arranging / monitoring FE training programmes to staff members.

- Corresponding with various customers, existing and potential, on behalf of the bank on various matters

- Establishment of Correspondent banking relationship with different banks.

- Handling of any other FE related matter of the bank.

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Chapter 3 - Resource / Liability Products.

As an Authorized Dealer Category-I (AD Category-I) bank, our Bank can handle all types of forex transactions and products. They can be broadly classified as under:

- Resource or Liability Products.
- Service Products.
- Loan Products or Trade Finance Products.

Resource Products or Liability Products basically deals with Opening and maintenance of Non-Resident accounts.

Just like in case of domestic banking, accumulating deposits is a very important function since they are the basic raw material for undertaking other two functions namely lending and investment, so is the case with foreign exchange business. To finance foreign trade bank has to mobilise nonresident foreign currency deposits which are generally low cost deposits which helps the bank to lend the funds with reduced spreads but still retaining profit margin.

Non-Resident Deposits and other Foreign Currency accounts

Deposit Accounts can be broadly classified as under:

- **Accounts of Non Resident Indians (Individuals) in Indian Rupees.**
- **Non Resident (External) Accounts (Repatriable Accounts)**
- **Non Resident (Ordinary) Accounts (Non-Repatriable Accounts)**

All “B & C” category branches are permitted to open and maintain these accounts subject to following all procedures prescribed by RBI. International Banking Division will frame detailed guidelines in this regard,

Accounts of Non Resident Indians (Individuals) in Foreign Currency.

<u>Foreign Currency Non Resident Account – (Bank).</u>

Only International Banking Division is authorised to open these accounts in our Bank subject to following all procedures prescribed by RBI.

The balances held in these accounts are to be revalued on a quarterly basis at FEDAI rates provided for revaluation purpose with PV method in case of Term deposits.

- **Accounts of Resident Indians (Individual) in Foreign Currency**
- **Foreign Currency accounts of Returning Indians – RFC (N)**
- **Foreign Currency accounts of other Indian citizens – RFC (D)**

Only International Banking Division is authorised to open these accounts in our Bank subject to following all procedures prescribed by RBI.

The balances held in these accounts are to be revalued on a quarterly basis at FEDAI rates provided for revaluation purpose with PV method in case of Term deposits.

Accounts of Resident Indians, Firms & Companies in Foreign Currency:

- **Exchange Earners Foreign Currency Accounts for Resident Indian Individuals. (EEFC)**
- **Exchange Earners Foreign Currency Accounts for Resident Indian Firms and Companies. (EEFC)**
- **Diamond Dollar Accounts in Foreign Currency.**

Only International Banking Division is authorised to open these accounts in our Bank subject to following all procedures prescribed by RBI.

The balances held in these accounts are to be revalued on a monthly basis at FEDAI rates provided for revaluation purpose with PV method in case of Term deposits.

At this moment, we have negligible balances in foreign currency account which is the main resource to finance exporters in foreign currency namely PCFC & PSCFC (EBRD). Hence our Bank has to depend on market funds through swap mechanism (Buy-Sell) to finance exporters. Hence our spreads gets reduced. To develop Export business, it is essential to mobilise foreign currency deposits in large volumes.

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Chapter 4 - Service Products.

Service Products are mostly Remittance related products and can be broadly classified as under:

- **Issue & Encashment of Foreign Currency Notes**
- **Issue & Encashment of Travel Cards & Traveller Cheques**
- **Effecting Foreign Outward Remittances for FEMA approved purposes.**
- **Execution of Foreign Inward Remittances in foreign currency.**
- **Collection of instruments denominated in foreign currency drawn and payable abroad.**

Remittances:

FOREIGN INWARD REMITTANCES:

Foreign Inward Remittances received into India constitutes inflow of foreign exchange into the country. Resident individuals, firms and companies can freely receive Foreign Inward Remittances through normal banking channels, either for settlement of their trade transactions or clean remittances towards savings / personal purposes. FEMA does not restrict remittances into India, which are bonafide, genuine transactions such as Savings, Gift, Family maintenance, Trade settlements, Transport of capital, Transfer of profit, etc. However, Bank officials should be very careful and should not handle any foreign transaction which is in the nature of money laundering transactions undertaken with malafide intentions.

Types of Inward Remittances:

The most prevalent mode of receiving Inward Remittance is by SWIFT (Society for Worldwide Interbank Financial Telecommunication) Payment Orders. Customers may directly receive inward remittances from abroad by way of bank drafts, International Money Orders, personal cheques drawn on banks abroad etc.

Execution of Inward Remittances:

As per the requirements of Reserve Bank of India, purpose of the remittance should be ascertained from the beneficiary of the remittance.

The name of the remitter abroad should be checked in the AML software to verify if the remitter is in the Negative List. If the system displays any 'alert', the Payment Order should be executed only after due diligence and thoroughly satisfying ourselves that the remittance has not been made by a person who is in the Negative List.

Purchase transaction should be reported to the Forex Treasury Department to obtain the Exchange rate for conversion into Rupee for ultimate credit to the account of the beneficiary after deduction of our charges as per Forex Service Manual and collection of appropriate GST.

If the payment instructions are meant for investment in the foreign currency account of the beneficiary (like FCNR, RFC or EEFC schemes), purchase should not be reported and necessary steps shall be taken for opening the account. Wherever a part amount only is to be invested in FCNR / RFC / EEFC, the balance amount can be converted into Rupee by reporting purchase.

Sometimes, before the receipt of the Payment Order in SWIFT MT 103, a customer of any of our branches may approach enquiring about the receipt of any remittance in his favour. There are occasions when we do not receive the Payment Order whereas the cover funds may have been received in our USD account. In such cases, after due enquiries with the customer, if possible by verifying documentary evidence, International Banking Division will execute the PO.

Upon receipt of each Inward Remittance Swift Payment order in MT 103, the status of its execution or keeping it on hold or its rejection for some reasons, shall be communicated to the assigned Swift network tracker by way of an auto generated swift message in MT 199.

In the case of Foreign Currency Inward Remittances of up to USD 500/- or equivalent, if the beneficiary happens to be our customer, it will be converted into INR immediately provided all the details required for executing the remittance are available in the Payment Order and there is no instruction to the contrary.

In the case of Foreign Currency Inward Remittances in excess of USD 500/- or equivalent, the Bank shall send intimation to the beneficiary within two working days from the date of receipt of SWIFT Payment Order/Nostro Account Statement.

On receipt of disposal instruction complying with the guidelines and required documents, if any, from the beneficiary, the Bank shall convert the funds into INR and credit to the account of the beneficiary immediately but not exceeding two business days from date of such receipt.

In case, the beneficiary does not respond within five working days from the date of our intimation, the bank will return the funds to the remitting bank quoting the reason "Unable to apply the funds".

Compensation for delayed payment:

In case of delay, the bank shall pay the beneficiary interest @ 2% over the savings bank interest rate. The bank shall also pay compensation for adverse movement in exchange rate during the delayed period after verifying from Forex Treasury. A maximum of 10 paise will be loaded to the exchange rate prevailing on the date of execution.

In case, the beneficiary does not respond within five working days from receipt of credit intimation as above and the bank does not return the remittance to the remitting bank, the bank shall initiate action to crystallize the remittance;

a. Bank notify due action to the remitting bank and the beneficiary

b. Bank shall crystallize the remittance within 10 days period.

Issuance of Foreign Inward Remittance (FIRC):

As per the current guidelines on the issuance of FIRC, it may be issued only for inward remittance covering FDI/FII (Foreign Direct Investment / Foreign Institutional Investment). Such FIRCs should clearly show the validity period of maximum one year. In all other cases of inward remittances, there is no provision for issuing FIRCs.

Transfer of funds between Vostro Accounts with two banks:-

- The bank carrying out interbank Vostro transfer by RTGS should mention in the "Remark" column of the RTGS message, a statement to the following effect – "We undertake to send form A3 separately".
- It is decided to fix time limit of 5 working days for receipt of form A3 at beneficiary bank's end. Delay beyond 5 days would attract penalty on the remitting bank.
- In case, beneficiary bank does not get form A3 within 5 working days, they must lodge a claim with the remitting bank within 15 days, from the date of transfer of funds. Remitting bank should ensure that Form A3 reaches the beneficiary bank promptly thereafter.
- Remitting bank would be required to pay beneficiary bank penalty at the rate of Rs. 1000/- per day for the period in excess of 5 days from the date of transfer of funds, till the form A3 reaches the beneficiary bank.
- If beneficiary bank lodges the claim after 15 days from the date of transfer of funds, the claim amount will be capped at Rs. 10,000/-
- In case of any dispute between the banks, the matter may be referred to FEDAI.

Foreign Contribution (Regulation) Act (FCRA) 2010:

Sometimes· remittances will be received in favour of associations having definite Cultural, Economic, Religious, Educational, Social and Political programmes, Non-Governmental Organizations (NGO) and Trusts. Before executing such remittances, it should be ensured that the beneficiaries have got registered with the Ministry of Home Affairs, Govt of India. It should also be ensured that they are received through the same account of our branch as specified by the beneficiary organization in their application for registration with the Ministry of Home Affairs.

A new provision that makes it mandatory for all NGOs to receive foreign funds in a designated bank account at the State Bank of India's New Delhi branch.

- Designated FCRA account: All NGOs seeking foreign donations have to open a designated FCRA account at the SBI branch.
- The NGOs can retain their existing FCRA account in any other bank but it will have to be mandatorily linked to the SBI branch in New Delhi.
- Only banking channels allowed: Foreign contribution has to be received only through banking channels and it has to be accounted for in the manner prescribed.

Collection of instruments denominated in foreign currency and payable abroad

International Banking Division will handle this business for all the branches of our Bank. Those branches who receive foreign currency instruments will forward these instruments to IBD, who in turn will forward the same to our foreign correspondents abroad giving proper instructions to credit the proceeds to our Nostro account. After receiving the credit advice and verification of credit entry in the Nostro account, IBD will wait for cooling period to get over. After the end of cooling period, IBD will take appropriate exchange rate applicable for the transaction from the Treasury Department and reporting the transaction.to them. Thereafter, Foreign currency amount will be converted into INR and after deducting all collecting charges including GST / TDS as applicable, bank will credit the proceeds to beneficiary's account.

Encashment of Foreign Currency notes & Travellers Cheques:

Foreign Currency notes & TCs may be encashed from our customers and non-customers as per the Delegated Powers to the officials in this regard. While encashing currency notes tendered by non-customers appropriate KYC documents to be obtained for identifying the legal name and the correct permanent address.

FOREIGN OUTWARD REMITTANCES:

All outward remittances are governed by the Exchange Control Regulations as per FEMA. Banks have been delegated to effect certain categories of remittances. In all other cases, outward remittances require the prior permission from Reserve Bank of India.

Types of Outward Remittances (other-than the import remittances)

Outward remittances will be generally made in form of:

- Demand Drafts payable abroad
- Payment Orders through SWIFT MT 103
- Release of foreign exchange in the form of Travellers Cheques / Foreign Currency Notes / Travel Cards for travel abroad

Exchange Control Provisions governing Outward Remittances:

Under FEMA, all transactions involving foreign exchange have been classified either as Capital or as Current Account transactions. All transactions undertaken by a resident that do not alter his / her assets or liabilities outside India are called current account transactions. There are very few restrictions on selling of foreign exchange for most of the current account transactions. However, Govt. of India has been vested with power, in public interest and in consultation with Reserve Bank, to impose reasonable restrictions on certain current account transactions.

As per Foreign Exchange Management (Current Account Transactions) Rules, 2015 drawal of foreign exchange for certain transactions (Rule 3) has been prohibited and restrictions have been placed on some other transactions (Rule 4).

Earlier limits had been fixed for each type of current account transactions such as Private visits, Gift / donation, going abroad on Employment, Emigration, Maintenance of close relatives abroad, Business trip, Medical treatment abroad and students proceeding abroad for pursuing higher studies. All these limits have now been subsumed under the Liberalised Remittance Scheme (LRS) limit of USD 2,50,000/- or equivalent. The limit of USD 2,50,000 or equivalent per Financial Year under the Scheme also includes / subsumes remittances for the above stated current account transactions. Release of foreign exchange above USD 2,50,000 or equivalent requires prior permission from the Reserve Bank of India.

Out of the overall foreign exchange (within the overall limit of USD 2,50,000 or equivalent per FY) being sold to a traveler for each visit, exchange in the form of currency notes and coins may be sold upto the limit indicated below:

Travellers proceeding to countries other than Iraq, Libya, Islamic Republic of Iran , Russian Federation and other Republics of Commonwealth of Independent States (CIS countries), not exceeding USD 3,000 or its equivalent.

Travellers proceeding to Iraq or Libya, not exceeding USD 5000 or its equivalent.

Travellers proceeding to Islamic Republic of Iran, Russian Federation and other CIS countries, full exchange may be released upto USD 10,000/=.

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Chapter 5 - Trade Finance Products.

Any International Trade Transaction involves physical movement of Goods and Services across the borders of any country. Broadly these products can be categorized as;

Exports of Goods & Services.

Imports of Goods & Services.

Exports of Goods & Services:

IBD will offer following service and finance products:

- Advising of Export Letters of Credit opened by banks abroad in favor of the Indian exporters
- Handling of Export bills on collections basis.
- Handling Advance Export Payments
- Extending Pre & Post shipment Finance to the exporters either in INR or in Foreign Currency.
- Issuance of guarantees related to Exports.
- Issuing various types of Bank Certificates to avail Export benefits.
- Availing ECGC Guarantee schemes for exporters.

Imports of Goods & Services:

IBD will offer following service and finance products:

- Opening of Import Letter of Credit.
- Handling of import bills drawn under LCs opened by us.
- Handling of import bills received on collection basis.
- Issuance of various types of bank guarantees related to imports.
- Arranging of Buyer's Credit / Trade Credit to importers.
- Providing Rupee finance for Importers.

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Chapter 6 - Exports

Handling of Export business:

Export of goods from India is regulated by the Directorate General of Foreign Trade (DGFT) and it regional offices, functioning under the Ministry of Commerce. As an AD Category-I bank, we need to conduct the export transactions in conformity with the Foreign Trade Policy in vogue and the Rules framed by the Government of India and the Directions issued by Reserve Bank from time to time under FEMA 1999. Regulations relating to export of goods and services from India have been notified by Reserve Bank of India referred to as Foreign Exchange Management (Export of Goods and Services) Regulations, 2015. Our Bank's internal guidelines as applicable each category of transactions needs to be adhered to by the branches.

Export Finance:

While extending export finance, we are bound by the following guidelines/regulations:

- Reserve Bank of India guidelines
- Directions issued under FEMA 1999 Guidelines issued by the DBOD
- Trade Control Regulations
- Foreign Trade Policy 2023
- International Chamber of Commerce (ICC) guidelines - UCP 600, ISBP, URR-URC.
- Export Credit Guarantee Corporation of India Ltd
- Foreign Exchange Dealers Association of India (FEDAI) guidelines and rules.

An exporter may need financial assistance for execution of an export order from the date of receipt of the export order till the date of realization of the export proceeds at any stage, Pre & Post shipment stages.

Reserve Bank of India has advised that bank's should endeavor to provide 12% of bank finance towards exports. Our Export credit exposure is very less hence there is an imperative need on the part of all our Branches to market our export products extensively for mobilizing new export oriented accounts to achieve this 12% target.

Some of our existing customers who are in export/import business may be routing their forex business through other banks for some reason. The branches should identify such customers and prevail upon them to pass on their forex business through our bank as we are now fully equipped to handle all types of foreign exchange transactions.

An Exporter may need financial assistance for execution of an export order from the date of receipt of the same till the date of realization of the export proceeds. It is extended as short term working capital finance. The working capital cycle completes with the realization of the export bill. The Exporters may require the finance at any stage of this cycle.

Export finance can be granted at two different stages:

- Pre-shipment finance &
- Post -shipment finance.

PRE- SHIPMENT FINANCE

Pre-shipment Finance, also known as Export Packing Credit, is granted to an Exporter for the purpose of procuring raw materials, processing or manufacturing, packing, transporting, warehousing of goods meant for exports.

Types of Pre-shipment Finance:

- Packing Credit in Rupees.
- Packing Credit in Foreign Currency (PCFC).
- Advance against Government incentives covered under ECGC guarantees.
- Advance against receivables - Duty Drawback scheme.
- Advance against cheques / drafts received as an advance payment for exports.

The following shall be taken into account by the Branches while considering export finance:

- Guidelines issued by Reserve Bank of India, pertaining to financing of exports shall be scrupulously followed by the branches by referring the web site of RBI: www.rbi.org.in.

- Prevailing Foreign Trade Policy. The Policy details the guidelines regarding the export of goods and services from India.

- Availability of various covers of ECGC for Exporters and for the financing banks. Special care should be taken in the case of exports to countries which are classified as Restricted Cover Countries by the ECGC.

Following points should be considered while processing the proposal -

Requests from the customers for Export Finance, both pre-shipment and post-shipment, should be forwarded to Head Office for credit assessment. After the sanction of the limit, the branch concerned will forward the sanctioned proposal to IBD for the disbursement. IBD will thereafter take care of the other aspects such as ECGC etc. for operational convenience and complete other formalities desired before undertaking disbursement of export credit.

While processing the export credit limit proposals of the Exporters, the sanctioning authorities may adopt any one of the following methods:

- Projected Turnover Method
- MPBF Method
- Cash Budget Method

The limit will be a composite limit for Pre-shipment and Post-shipment.

Branch / Head Office should assess and meet the genuine credit requirements of the Exporters promptly and in full measure.

While considering the proposal, all the required information should be obtained from the Exporter to avoid any possible delay in calling for details on a piece meal basis so that sanction of the limits can be expedited.

Pre-sanction inspection should be carried out as per the information supplied by the Exporter and due diligence should be done as per KYC norms.

A flexible attitude may be adopted while considering the proposal such as Debt-Equity ratio, Margin and Security norms etc. But there should be no compromise on the viability of the proposal and integrity of the borrower.

The Exporter must satisfy the Branch about their capacity to execute the export order within the stipulated time and their expertise to manage the export business.

Quantum of finance sought for by the Exporter should be in commensurate with the expected turnover and the cost of inputs required for execution of the export order.

If the exports will be covered under Letters of Credit, IBD should find out the standing of the L/C opening bank and its prime status.

Branch should also study the terms of L/C and ensure that the Exporter will be able to comply with all the terms and conditions of the L/C.

Where exports are not covered by L/Cs and will be on the basis of firm contracts, the Branch may insist for obtaining a satisfactory status report on the overseas buyer if the value of the shipment exceeds USD 1,00,000/- or its equivalent.

Branch should also check the profile of the buyer's country especially about the financial and political environment. The information may be obtained from IBD if required.

Dispensation of export credit should be done expeditiously and in a time bound manner.

The RBI requirement is as follows -

- New/ Enhancement proposal in 45 days.
- Renewal of limit in 30 days.
- Ad hoc limit in 15 days.

The pre shipment and post shipment limit should be considered simultaneously and in totality..

Branches should review the export limits annually.

Customers eligible for Export Packing Credit:-

- Those who are holding confirmed orders for export or Export L/C in their favour.
- The size and standing of the LC issuing Bank should be verified from the Bankers Almanac and it should be satisfactory.
- The commodity to be exported is permissible for export as per current trade policy.
- Who are not in the Caution list of Reserve Bank of India.
- Whose names are not appearing in the Specific Approval List (SAL) of the ECGC.
- They should be having Importer Exporter Code (IEC) Number issued by DGFT.
- They should be holding valid Shipment Policy of ECGC if the sanction so stipulates.

- If the goods being exported are subject to floor price restrictions / quota, relevant Foreign Trade Policy guidelines should be complied with.

Criteria for grant of Export Packing Credit:

- It is need based finance against inventory.

- In the case of export order, it should contain full details of shipment viz., merchandise, quantity, price, period of shipment, mode of shipment, Inco-terms (FOB/CIF /C&I/C&F), method of payment etc.

- Wherever Packing Credit is granted for the purpose of procuring the raw materials, there will not be any prime security at the time of its disbursal. The Exporter will be holding the amount disbursed as trustee till the raw materials are purchased. Stock statement should be submitted by the Exporter expeditiously after the purchase of the raw materials

- Each Packing Credit disbursed should be maintained as separate account for the purpose of monitoring period of sanction and end-use of funds. The aggregate position will be reflected in the loan ledger.

- All the guidelines pertaining to finance against inventory should be followed.

<u>Running Account Facility:</u>

Normally Packing Credits are granted against the lodgment of export order /LC. But the availability of raw materials is seasonal in some cases. In some other cases, the time taken for the manufacture and shipment of goods is more than the delivery schedule as per the export contracts. On such occasions, Packing Credits can be granted under the Running Account facility without insisting on prior lodgment of firm export orders / export L/Cs subject to the following conditions:

- The need for Running Account facility has been established by the Exporter to the satisfaction of the bank.

- It may be extended to established exporter with a good export track record.

The firm export order / Export L/C is submitted within a reasonable period of time. Packing Credit can be availed against request letter undertaking to lodge the export order within a reasonable period not exceeding 30 days.

Individual export bills should be marked off, as and when they are received for negotiation / collection, against the earliest outstanding pre-shipment credit granted under this facility on "First In First Out" (FIFO) basis.

Outstanding Packing Credit should, at all times be covered both by stocks as well as valid LC's / Export Orders.

If the Exporter is found to be misusing this facility, it shall be withdrawn immediately.

Quantum of finance:

Quantum of finance is decided on the FOB value of the export order or L/C or domestic value of the goods, whichever is lower.

Normally insurance and freight charges should not be financed at the preshipment stage.

If the Exporter wants to avail advance against the insurance and freight charges, that can be considered at the later stage of the pre-shipment operations, when the consignment is ready for shipment.

If the export contract is on CIF basis, FOB value can be arrived at by deducting 10% in the case of sea freight or 20% in the case for air freight and 1% for insurance of the export value of goods to arrive at the FOB value of the shipment.

If the actual value of freight and insurance amounts is known, they can be deducted to arrive at the FOB value.

After arriving at the FOB value, margin as stipulated in the sanction should be deducted to arrive at the quantum of finance.

Need based finance, should be considered as per the requirement of the Exporter. The Exporter can avail more than one Packing Credit against the same firm export order or L/C depending upon his requirements before shipment of goods at various stages but subject to the sanctioned limit.

Fixing margins in Export Packing Credit (EPC)-

- It should ensure stake of the Exporter in the finance.
- It should take care of the erosion in the value of the security.
- It should ensure that bank finance is not extended against profit margin.

Security Documents:

- DP Note
- Deed of Hypothecation
- Letter of Guarantee
- Insurance Policy to cover full value of stocks
- ECGC cover
- Collateral Security as per sanction terms.
- Other usual documents as stipulated by the Bank to be obtained.

Liquidation of EPC Account:

The packing credit advance should be liquidated out of export proceeds by negotiation of bill or advance against bill sent on collection.

Thus pre- shipment credit gets converted into post shipment credit.

This conversion is necessary because the ECGC guarantee cover for pre-shipment credit will be available only up to the date of shipment.

It is therefore, to be ensured that upon shipment taking place, the liability under pre shipment needs to be converted into post shipment liability.

Bank will have operational flexibility to extend following relaxation to Exporters having good track record:

Pre shipment finance may be liquidated from the proceeds of export bill in respect of other contracts covering the same or other goods against which no Packing Credit has been availed by the Exporter.

But before allowing above relaxation, reason should be ascertained why the original proceeds is not available and whether it is commercially necessary and unavoidable.

Whether the advance can be granted more than FOB value or contract amount?
Yes. It can be given in the following cases:
(I) where wastages are involved in executing the contract:
Where the Exporter requires more raw materials due to wastage involved in processing of goods to be exported. This is in respect of agro based products like raw cashew nut etc.

In this case, if the export order is for Rs.100.00, the Exporter may require stock of cashew worth Rs.125.00 to process the order as per the specifications.

Branch may allow the Exporter to liquidate excess finance by sale of the cashew shell oil.

(II) Where partial domestic sale is involved:

When the gradation is involved especially in respect of agro-based items like tobacco, pepper, cardamom etc. In export of these items, the Exporter will have to hand pick products into exportable and non-exportable items and then fulfill the specifications of contract.

In such case, the purchase of goods will have to be more than the FOB or otherwise of the value of the contract.

The excess amount of disbursement will be liquidated out of the sale of non-exportable grade of the items.

The rate of interest for excess finance will be the rate applicable to Export Credit Not Otherwise Specified (ECNOS = Interest Rates applied for Loans against Hypothecation + 2%) from the date of advance and this amount will not be eligible for RBI refinance.

The Exporter should endeavor to get ECGC shipping / contracts guarantee cover wherever available.

Export of De-oiled / Defatted cakes:

Branches can give advance to the Exporter of HPS groundnut and de-oiled / de-fatted cakes to the extent of the value of raw material required even though the value thereof exceeds the value of export order.

The advance in excess of the order, normally called as "Oil Proceeds", is required to be adjusted by sale of oil in 30 days from the date of advance.

If there is delay in deposition of oil proceeds, interest at ECNOS would be charged for the delayed period.

Period of Finance-

It is short-term working capital finance.

The period for which a Packing Credit advance may be given will depend upon the circumstances of individual case, such as the time required for procuring, manufacturing or processing (where necessary) and shipping the relative goods. In short, the period is depending on the manufacturing cycle of the Exporter. It should be sufficient to enable the Exporter to ship the goods. A maximum period of 270 days was considered for this purpose earlier. However, the period of finance has been extended by RBI vide directive dated 13/11/2025 up to 450 days. As of now, concessional rate of interest can be applied upto a period of 450 days.

Rate of interest:

Interest on export finance is charged on concessional basis as per RBI guidelines.

In cases where the period of packing credit is not extended beyond the original period of sanction (from the date of granting the PC upto the last date of shipment as indicated in the underlying export order or LC plus a period of 21 days after the last date of shipment for the submission of the shipping documents) and exports take place after the expiry of sanctioned period but within a period of 450 days from the date of advance, exporter would be eligible for concessional credit only for the sanctioned period. For the balance period, interest rate prescribed for Export Credit Not Otherwise Specified (ECNOS) at the pre-shipment stage will apply.

In cases where exports do not take place within 450 days from the date of pre-shipment advance but takes place subsequently, such credits will be termed as "ECNOS" and interest rate prescribed for "ECNOS" shall be applied from the first day of advance.

If exports do not materialize at all, domestic lending rate plus a penal rate of interest will be charged for the entire period of advance.

Set off of export receivables against import payables-

Our 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.

Third party receipts and payments:

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

Merchanting Trade Transaction (MTT):

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

(2)

(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) 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 these Regulations.

Maintenance of EPC a/c

These accounts are maintained separately from the domestic advance.

Follow up and Monitoring

Generally, Exporters are given EPC at concessional rate of interest to procure raw material and process it so that finished goods may be exported. Hence, there are chances of diversion of funds. As a precaution, end use of funds should be ensured after the disbursement of advance.

Stock statement should be obtained as per terms of sanction.

Insurance for full value of stock should be obtained. Stocks should be adequately insured against all risk with our Bank's Clause.

Regular inspection of stock should be done as per the terms of the sanction of limit.

Value of stock mentioned in the stock statement should be checked. It should be as per invoice value or market value whichever is lower.

If the sanction terms stipulate, ECGC cover should be obtained

Submission of monthly Statement to ECGC along with the guarantee fee

Regular follow up should be made to ensure timely shipment of goods as per contract.

If the export transaction is backed by an export L/C, ensure that the Exporter submits documents in compliance with the terms of the L/C.

If the Packing Credit is misused or export does not take place, immediate measures should be taken for recovery of our advance.

Collection of Interest:

Interest should be collected on the last working day of every month and at the time of closure of the Packing Credit account, it should be collected for the broken period.

Substitution of contract:

Substitution of contract is allowed as per RBI guidelines whenever the overseas buyer backs out of the contract entered into for export of goods.

Liquidation of Packing credit:

The EPC may be paid off in any of the following manner-

- Negotiation / Purchase / Discount of Export Bill
- Proceeds of collection bill against which no EPC has been availed.
- Proceeds of undrawn balance of an export bill against which no EPC has been availed.
- Proceeds of first credit where Packing Credit has been granted under the Running Account facility. (First In First Out).

Sharing of export contract between Merchant Exporter & the Supporting Manufacturer:

While granting EPC, it should be ensured that there should be no double finance.

The finance should be granted against the disclaimer of the Exporter. The banker of the Merchant Exporter should countersign it.

It is preferable if a back-to-back L/C is opened in favour of the supporting manufacturer.

When export credit has been shared between the two, time limit for availing credit should not exceed the maximum period allowed under pre-shipment credit.

Sharing of credit will be permitted for the goods and not for intermediaries such as raw materials.

Export credit to sub-supplier:-

Export Packing Credit may be shared between Export Order Holder (EOH) and sub suppliers by opening the inland L/C specifying the goods to be supplied by the sub suppliers as a part of export transaction.

On the basis of the L/C, the sub suppliers' bank may grant EPC to manufacture the goods or procure the goods to be exported.

The total period of credit availed by the sub supplier should be within the normal production cycle of the goods.

Total period of credit will be computed from the date of first drawal of packing credit to the date of submission of export documents by EOH.

The EOH will be responsible for exporting of goods within the time frame of export order or terms of L/C. If any delay takes place in the process, the EOH will be subjected to any penal provisions as per the scheme. This will not affect the sub supplier, once he plays his role in time.

The scheme is intended to cover first stage of production and is not extended to cover suppliers of raw material / components etc. to sub supplier.

The finance will be covered by ECGC guarantee.

The EOU/EPZ units supplying goods to another EOU/EPZ are also eligible to avail EPC. Running Account facility is not permitted under this scheme.

Packing Credit for Deemed "Export:

In deemed exports, the goods do not leave the country.

Advance should be considered to suppliers as per Foreign Trade Policy.

It involves supplies to International Bank for Reconstruction and Development (IBRD) / International Development Association (IDA) / The Asian Development Bank (ADB) or any other multi-lateral fund aided projects under global tender which are paid for in free foreign exchange.

This can be granted to eligible Exporters at pre and post shipment stage.

The pre shipment credit will be considered on the same guidelines as mentioned earlier. However, post supply credit will be available to eligible Exporter for 30 days period or upto the actual date of payment by the receiver of the goods whichever is earlier.

Extension of Overdue Rupee PC/PCFC:

The In-charge of International Banking Division is delegated with powers to extend the due date of overdue PCs subject to the condition that the revised due date does not go beyond 180 days from the date of sanction of the original PC.

The General Manager at the Head Office overseeing the Forex operations is delegated with powers to extend due date of overdue PCs which are falling beyond the powers of the IBD in- charge.

Post Shipment Finance

PURCHASE / DISCOUNT / NEGOTIATION OF DOCUMENTS:

Post shipment finance means finance to the Exporter after the goods are shipped.

Essentially it is an advance against the receivables (Bill Finance). Post- shipment finance can be made available to the Exporters as follows:

- Purchase /Discount of sight/usance, as the case may be, Export Bills
- Negotiation of bills, both sight as well usance, drawn under export L/Cs
- Rupee Advance against Bills sent for Collection
- Advance against Export on Consignment Basis
- Advance against Un-drawn Balances/ Duty Drawback

Although all the above are different methods for providing post -shipment finance to the Exporters, the most common are Export Bills Purchased / Discounted and Export Bills Negotiated.

The bank is required to follow several Exchange Control guidelines some of which are furnished below:-

Exporter should have Import Export Code number allotted by the DGFT and all the export bills should be submitted along with the prescribed Declaration (EDF/SOFTEX) form in which the value of the shipment is declared and duly certified by the customs authority.

Shipping documents along with appropriate Declaration forms as mentioned above must be submitted within 21 days from the date of shipment. If there is any genuine delay, which is beyond the control of the Exporter, we may condone the delay and accept the shipping documents even after 21 days from the date of shipping.

The payment should be received in an approved manner within the prescribed time limit but within a maximum period of nine months from the date of shipment.

Margin:

A margin of 10% will be stipulated for the disbursement of Post-shipment finance. However, this margin may be relaxed in respect of long standing Exporter- customers who are having a satisfactory track record.

PURCHASE/ DISCOUNT OF EXPORT BILLS - (DP OR DA BILLS):

The export bills representing genuine international trade transactions and drawn as per terms of sale contract/ firm order may be discounted or purchased by the Bank Proper limit should be sanctioned for purchase /discount of export bills. Since the purchase/discount is not covered under L/C, risk of non-payment may arise, more particularly in the case of documents against acceptance. To cover such non-payment risk for the bank as well as the Exporter, ECGC provides Post-Shipment Guarantee to the bank and Shipment Policy to the Exporter. Under the Shipment Policy, the Exporter should be advised to obtain buyer-wise credit limit.

The documents may be purchased or discounted based on whether they are to be delivered against payment or against acceptance. In case of D.A. Bills, bank retains the control of the goods until the bill is accepted. The advance against such a bill becomes a clean advance once the bill is accepted and remains unpaid.

If the bill is expressed in foreign currency, rupee equivalent is calculated at the Bill Buying rate pertaining to the tenor of the bill. If forward contract is booked, Rupee equivalent should be calculated at the rate at which it is booked. The exchange rate depends on tenor of the bill. Normal Transit Period (NTP) is the period by which the bill is expected to be paid by the overseas buyer in the case of sight bills. Normal Transit Period for various currencies is given by FEDAI which is presently 25 days.

Interest should be collected upfront for a period of 25 days (NTP) in the case of sight bills and upto the due date or Notional Due Date in the case of usance bills on the day of financing at the rates as specified in the Interest Rate Circular.

NEGOTIATION OF EXPORT BILLS:

Bills, both sight and usance, drawn under export Letters of Credit may be negotiated. When export documents drawn under L/C are presented to the bank for negotiation, they should be scrutinized carefully to ensure that they comply with the terms and conditions of Letter of Credit. The operation of the Letter of Credit is governed by U C P D C of the International Chamber of Commerce, ICC Publication No. 600.

All the documents tendered for negotiation should be strictly submitted by the exporter as per terms of L/C. It is to be noted that the L/C issuing bank undertakes to honour its commitment under the L/C only if the beneficiary submits the stipulated documents conforming to L/C terms. Even for a minor discrepancy in the documents drawn under the L/C, the L/C issuing bank may refuse the reimbursement.

Before extending finance for documents drawn under LCs issued by foreign banks, it shall be ensured that they are reputed banks having satisfactory asset size. In case of need, International Banking Division shall be contacted to ascertain the standing of the bank which has issued the LC.
Exporter to hold valid export order/ LC issued by Prime bank and Rating of the LC issuing Bank to be verified from the Banker's Almanac for its ranking at world level, before disbursement.

Direct Dispatch of Shipping Documents:

- 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.
- IBD may also accede to the request of the exporter provided the exporter is a regular customer and is satisfied, on the basis of standing and track record of the exporter and arrangements have been made for realization of export proceeds.

- IBD may also permit 'Status Holder Exporters' (as defined in the Foreign Trade Policy), and units in Special Economic Zones (SEZ) to dispatch the export documents to the consignees outside India subject to the terms and conditions that:

  a) The export proceeds are repatriated through the AD banks named in the EDF.

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

- (iii) IBD 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 Category – I bank for a period of at least six months.

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

  d) The AD Category – I bank is satisfied about the bonafides of the transaction.

- In case of doubt, the AD Category – I bank may consider filing Suspicious Transaction Report (STR) with FIU_IND (Financial Intelligence Unit in India)

Post - Shipment finance against Forwarder's Cargo Receipt (FCR)

If the exporters submit Forwarder's Cargo Receipt (FCR) in lieu of Bill of Lading, after taking the approval from the General Manager, Head Office IBD will extend post-shipment finance in the case of those exporters who are having account relationship for a minimum period of one year with satisfactory track record. The designated branches should send the request with their recommendation to IBD for Finance against FCR.

Crystallization (De-linking) of Foreign Currency liability in respect of overdue Export Bills Purchased/ Discounted/ Negotiated.

Exporters are liable to repatriate foreign exchange in respect of the exports made by them. But there are occasions when the export bills are not paid on the due dates for various reasons. In such cases the responsibility is cast upon the bank to make vigorous follow up with the Exporter as well as with foreign bank to which the documents have been sent for collection for their early realization without any further delay.

If the financed export bills are not realized in time, the forex treasury of the bank may incur additional costs such as swap costs, transaction costs etc. on account of the fluctuation in the exchange rates. To avoid such costs, we have to adhere to the FEDAI guidelines in regard to the Crystallization or De-linking of unpaid export bills.

The de-linking of Foreign Currency liability should be done on the 15th day after the expiry of the Normal Transit Period in the case of sight bills and on the 15th day from the notional due date in the case of usance bills.

However, the unpaid export bills may be de-linked even before the said period of 15 days at the specific written request from the customer.

In case the 15th day happens to be a holiday or Saturday, the export bill should be de-linked on the next working day.

Upon de-linking of the overdue bills, the outstanding liability in the Export Bills head in the GL should be transferred to the Overdue Export Bills head.

On the day of delinking, the foreign currency liability should be converted into rupee liability @ TTS rate provided by the Forex treasury. If the TTS is higher and adverse for the exporter then the exporter will have a payment liability which should be recovered from the customer. However, If the TTS is lower and favorable for the exporter then the bank will have a payment liability which should be adjusted against post shipment advance granted to the customer to lower his rupee liability.
Interest will be recovered from the exporter from NTP in case of sight bills and NDD in case of usance bills till the date of de-linking at the rates or the overdue export bills provided in the Interest Rate Circular.

After de-linking of the export bill, it attains the character of a bill handled on collection basis and the exchange risks get translated to the exporter. However since the rupee liability of the exporter is still outstanding bank has to take suitable measures to recover the outstanding liability from the Exporter.

Booking of Forward Purchase Contract:

Exporters can book Forward Purchase Contracts upto two times of the sanctioned Export Finance limit against submission of documentary evidence for the underlying exposure or upto sanctioned amount of Forward Purchase Contract limit. Five percent of the permitted / sanctioned Forward Purchase Contract limit shall be taken into account as credit exposure.

EXPORT CREDIT IN FOREIGN CURRENCY

(This facility is an additional window available to the Exporters along with the existing Rupee Export Credit. The objective of the scheme is to make available export credit at internationally competitive interest rates linked to Alternative Reference Rate (ARR) linked to respective currency.

As per RBI guidelines, this facility is available in all convertible currencies. In our bank, the same will be granted in USD / EUR / JPY.

In order to comply with the guidelines of RBI for transition from LIBOR to ARR, our Bank has adopted the following ARR with the permission of the Board.

Sr. No.	Currency	ARR
1	USD	SOFR (Secured Overnight Reference Rate)
2	Euro	ESTR (Euro Short term Rate)
3	JPY	TONAR (Tokyo Overnight Offered Rate)

The above stated ARRs to be utilized for extending Pre/ Post-shipment finance in foreign currency (PCFC / PSCFC). Branches may be guided by the Circulars related to ARRS issued by the Head Office / IBD from time to time.

Also, Banks are permitted by RBI to use any widely accepted / Alternative reference rate in the currency concerned for interest payable in respect of export / import transactions. Therefore, as and when any new currency is added same would be updated.

The exporter is now having the following options to avail export finance:

To avail pre-shipment credit in rupees (Int. rate linked to loans against hypothecation rate) and then the post- shipment credit also in rupees (Int. rate linked to loans against hypothecation rate).

To avail pre-shipment credit in rupees (Int. rate linked to loans against hypothecation rate) and then the post- shipment credit in foreign currency (ARR) linked to respective currency.

To avail Packing Credit in foreign currency (ARR) linked to respective currency and the post-shipment credit also in foreign currency (ARR) to respective currency). (Wherever PCFC has been availed, post-shipment credit needs to be availed by way of PSCFC only).

Not availing any Packing Credit but availing only Post-shipment credit either Int. rate linked to loans against hypothecation rate or ARR linked to respective currency.

The instructions with regard to Rupee Export Credit apply to Export Credit in Foreign Currency also mutatis mutandis, unless otherwise specified.

Pre-shipment Credit in Foreign Currency (PCFC)

No separate limit is required for availing the PCFC. It can be granted within the normal Packing Credit limit already sanctioned.

The PCFC amount shall be converted into Rupees at the Spot TT buying rate and Exporter's running account will be credited with the rupee equivalent. Monthly interest on PCFC will be calculated in foreign currency and the same will be converted into Rupees at TT Selling rate for debiting the exporter's account. Liquidation, as in the case of Rupee PCs, shall be by adjustment of export bill proceeds / repayment or pre - payment out of balances in EEFC.

If PCFC is liquidated from Rupee resources, interest at Int. rate linked to loans for preshipment credit in INR + 2% + penal interest will be charged for the entire period of advance.

Forward Purchase Contract can be booked for availing PCFC. Delivery period of the forward contract will match with the time of availing the PCFC. In such cases, contracted rate less Premium for the applicable period will be applied for converting the PCFC amount into Rupees.

Running PCFC account may be permitted to Exporters with good track record.

Post-Shipment Credit in Foreign Currency (PSCFC / EBRD)

Spot exchange rate only will be applied for both sight and usance bills.

No usance premium will be passed irrespective of the usance period of the bill.

No Forward Purchase Contract can be booked for availing PSCFC wherever PCFC has been availed.

Where PCFC has not been availed, Forward Purchase Contract can be booked for availing PSCFC but premium for the usance period will not be allowed.

In the case of early realisation of usance PSCFC bills, interest for the unexpired usance period will be refunded at 1% less of the applicable interest rate for that bill.

Rate of Interest:

In respect of interest rate structure on Export Credit in Foreign Currency, RBI has advised that banks are free to determine the interest rate.

IMPORTANT:

Bank will consider granting Export Finance in Foreign Currency subject to availability of adequate Foreign Currency funds with the Bank. These funds are normally sourced by the bank by mobilizing FCNR / EEFC / RFC deposits. In the absence of adequate Foreign Currency deposits, we can extend Export Credit in Foreign Currency by generating foreign currency funds through buy-sell swaps by our Forex Treasury Department in the domestic forex market subject to their adherence to Aggregate Gap Limit (AGL) prescribed by RBI.

Before disbursing PCFC/PSCFC to the exporters, IBD should take foreign currency funds clearance from the Forex Treasury Department.

Export Data Processing & Monitoring System (EDPMS):

With a view to simplifying the procedure for filing various returns and for better monitoring of export of goods from India, a comprehensive IT-based system called EDPMS was developed by Reserve Bank of India and introduced with effect from 01st March, 2014.

This is facilitating the banks to report all the above mentioned returns through a single window. In this system, the primary data on export transactions from all the sources viz., Customs / SEZ / STPI are flowing to RBI secured server and then the same is shared with the respective banks for follow up with the exporters. Subsequently, the document submission and realization data are reported back by the banks to RBI through the same secured RBI server so as to update the RBI database on real time basis.

Effective 15th June, 2016, some additional modules have been added to the above system such as Caution listing of exporters, Reporting of Advance Remittances and Migration of old XOS Data.

With the introduction of the EDPMS, all the export transactions are being monitored at each stage right from the shipment stage till realization of export proceeds.

With the introduction of this system, submission of half yearly XOS is not required.

Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit

With a view to make the cost of exports competitive, the Government of India has introduced the Interest Equalization Scheme (earlier Interest Subvention Scheme) in the year 2009. The Bank is extending the rebate at the stipulated rates to the eligible exporters as and when the Government of India announces the same.

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Chapter 7 - Imports

General Guidelines for imports

General Guidelines

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

Remittances for Import Payments

Bank may allow remittance for making payments for imports into India, after ensuring that all the requisite details are made available by the Importer and the remittance is for bonafide trade transactions as per applicable laws in force.

Import Licenses

Except for goods included in the negative list which require licence under the Foreign Trade Policy in force, IBD 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 should be called for and special conditions, if any, attached to such licences should be adhered to. After effecting remittances under the licence, bank may preserve the copies of utilised licence /s till they are verified by the internal auditors or inspectors.

Time Limit for Settlement of Import Payments

Time limit for normal imports

(i) In terms of the extant regulations, remittances against imports should be normally completed not later than six months from the date of shipment in case of transactions covered under Current Account category, except in exceptional cases where amounts are withheld towards guarantee of performance, etc. However, in case of Import of Goods coming under Capital Account Transactions, remittances may be permitted upto 3 years.

(ii) IBD may permit settlement of import dues delayed due to disputes, financial difficulties, etc. Interest in respect of delayed payments, usance bills or overdue interest for a period of less than three years from the date of shipment may be permitted in terms of the extant directions provided in the RBI Master Circular.

Interest on Import Bills

(i) AD – Category – I bank may allow payment of interest on usance bills or overdue interest for a period of less than three years from the date of shipment at the rate prescribed for trade credit from time to time.

(ii) In case of pre-payment of usance import bills, remittances may be made only after reducing the proportionate interest for the unexpired portion of usance at the rate at which interest has been claimed or LIBOR 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 of the currency of invoice.

(iii) In case of change in value date due to (i) or (ii) above, then IBD will ensure proper remark / indicator is entered for ORM mark off in IDPMS in terms of extant IDPMS guidelines.

Physical Imports

(i) In case of all imports, it is obligatory on the part IBD through whom the relative remittance was made, to ensure that the importer submits :-

(a) The Exchange Control copy of the Bill of Entry for home consumption,

or
(b) The Exchange Control copy of the Bill of Entry for warehousing, in case of 100% Export Oriented Units,
or

(c) Customs Assessment Certificate or Postal Appraisal Form, as declared by the importer to the Customs Authorities, where import has been made by post, as evidence that the goods for which the payment was made have actually been imported into India.

(ii) In respect of imports on D/A basis, IBD should insist on production of evidence of import 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., IBD 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.

The Importer should submit BoE number, port code and date for marking evidence of imports under IDPMS.

Non Physical Imports

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

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

Merchanting Trade

IBD may handle the Merchanting trade transactions (MTT) subject to the adherence of RBI guidelines in this regard.

Follow up for Import Evidence

In case an importer does not furnish any documentary evidence of import, within 3 months from the date of remittance involving foreign exchange IBD should rigorously follow-up for the next 3 months, including issuing registered letters to the importer.

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Chapter 8 - Import Finance Policy

Import Finance is generally made available for the import of capital goods such as machineries etc. as well as procurement of raw materials.

Capital goods are considered under Project Finance for which project appraisal needs to be done. The project viability both in terms of technical feasibility and economic viability has to be critically analyzed at the time of sanction of the proposal. Transactions relating to second hand capital goods are to be handled as per FTP in place.

Raw material imports are a part of current assets management. Hence, assessment can be done on the basis of any one of the following 3 methods:

- Projected Turnover Method
- MPBF Method
- Cash Budget Method

Normally, import finance is considered by the bank by way of sanction of Import Letter of Credit limit. Even though Letter of Credit is a non- fund based facility, while considering the same, it should be understood that in the event of non-payment of bills drawn under the LC by the Importer-customer, it will become a funded liability (Forced Loan). Therefore, while doing the credit appraisal for the sanction of LC limit, all possible precautions should be taken which are taken in the case of sanction of any other fund based limits proposal.

It should be noted that whenever any Term Loan is considered involving import of goods, we should also consider granting of L/C facility. This facility can be extended to Importer-customers and following should be taken into account in our dealings with them and also at the time of opening import L/Cs:

Know Your Customer guidelines should strictly be adhered to before entertaining any import finance facilities to the customer to avoid bogus import transactions. Proper due diligence is a must and It should be verified by the Branch that the customer is doing import business. The factory / unit / plant of the customer should be visited by the Branch officials to satisfy themselves in this regard.

The Importer should be holding Importer Exporter Code (IEC) number issued by the DGFT.

Branch should assess and meet the genuine credit needs of the Importers promptly and in full measure.

All the required information to process the proposal should be called for from the Importer in the beginning itself to avoid any delay in its appraisal.

If the goods that are to be imported are appearing in the negative list of the current Foreign Trade Policy, the Importers should be holding valid Exchange Control purpose copy of the Import authorisation issued by the Directorate General of Foreign Trade (DGFT).

It should be ensured that when the documents drawn under the Import Letters of Credit are received, the Importer will be in a position to retire the same from their own sources including the custom duty component.

In the case of import of capital goods such as machineries etc. if the Importer has planned to retire the documents by availing Term Loan from the bank, Branch should ensure that the Import Letter of Credit for the said import transaction is opened only after the Term Loan facility has been sanctioned by the Bank.

Import LC should be issued on Sight basis or on usance basis with a maximum tenor of 180 days from date of shipment. In case of Imports on deferred payment terms, deferred payment arrangements involving payment beyond 180 days from the date of shipment and upto 3 years are treated as Trade Credits. The maximum period permitted for payment from the date of shipment is 3 years in case of capital goods and 1 year or the period of operating cycle whichever is less in the case of non-capital goods. In all such cases, the "All in Cost" should be within RBI guidelines.

Issuance of letter of credit should be subject to UCPDC, ICC Publication No. 600.

If the value of the L/C exceeds USD 2,00,000/- or its equivalent in other foreign currencies, Status Report (Credit Report) on the beneficiary of the L/C viz., the overseas supplier of the merchandise should be called for before opening the same. The report so obtained should be satisfactory and it should not reveal any negative remarks on the beneficiary.

Further, such high value L/Cs should call for Pre-shipment Inspection Certificate issued by any reputed International Inspection agencies regarding the quality and the quantity of the goods to be shipped and (Shipping Certificate issued by the Lloyd's Shipping Registry with regard to the age and the sea worthiness of the ship in which the goods will be shipped.

In respect of the Importer - customers who are having a satisfactory account relationship of minimum one year, after obtaining suitable undertaking in writing from the Importers concerned the condition may be relaxed.

L/Cs calling for Charter Party Bill of Lading or other types of Bills of Lading which are not normally dealt shall be opened only with the prior permission from the Head Office.

Cash margin of 25% should be stipulated at the time of sanction of the Import L/C facility. If the customer tenders a Term Deposit Receipt for equivalent amount it may be accepted duly discharged along with a letter of appropriation and set off. Lien should be marked in the ledger folio as also on the receipt. However, considering that it is imperative to develop this business strictly observing the margin norms will be a barrier hence discretion may be available to sanctioning authorities to relax this margin norms wherever necessary.

The L/Cs opened by us should stipulate that the goods are consigned to the bank and not otherwise.

For meeting the import bill payment, if the customer desires to hedge the foreign currency exposure, Forward Sale Contracts can be booked subject to obtaining permission from the Head Office if the sanction for the L/C facility does not have specific permission for booking the same.

If the bills drawn under the Import L/Cs remain unpaid by the Importer, they should be de-linked on the 10th day from the date of receipt of the same at the IBD in the case of sight bills and on the notional due date in the case of usance bills. It becomes a Forced loan. Appropriate head in the GL should be debited to make the payment

Sanctioning authority should be kept informed about the devolvement and recovery measures should be initiated by the Branch. Applicable interest should be collected at the time of recovering the amount. Further L/Cs in respect of such Importers should be opened only with the specific permission from the sanctioning Authority.

In the case of delinked sight bills required steps shall be taken in consultation with the Head office for the safety of the goods to protect the interest of the bank.

In case of Imports from Nepal and Bhutan request for opening of Foreign Currency Import L/C should not be permitted.

Inclusion of Embargoes sanction clause, prohibiting transaction in commodity/ with involvement of entity which are notified in Sanction List of UN / US / EU / Terrorist List or any other negative list issued is mandatory.

Cancellation of L/C liability to be done on utilization of the L/C or on surrender of original unutilized L/C or confirmation to the effect by overseas LC advising Bank or after 30 days from date of expiry of L/C or after receipt of such request from beneficiary through overseas LC Advising Bank.

Request for Trade Credits must be made by importer well in advance and it will be entertained at Bank's discretion/RBI Guidelines and subject to availability of corresponding arrangement.

Advance Remittances for import of goods / services should be effected subject to strict compliance with the guidelines of the Reserve Bank of India and internal control guidelines of the Bank in this regard.

For Advance remittances exceeding USD 1,00,000, Status Report on the overseas supplier shall be called for from the bankers of the beneficiary or from the Bank's approved credit rating agency such as Dun & Bradstreet, Mira Inform Pvt. Ltd. etc. Such reports should be found satisfactory.

As per RBI guidelines where the amount of advance remittances for import of goods exceeds USD 2,00,000 or its equivalent, an unconditional, irrevocable standby Letters of Credit or a guarantee from an international bank of repute situated outside India or a guarantee from an AD Category-I bank in India, if such a guarantee is issued against the counter-guarantee of a bank of international repute situated outside India is obtained. The period of Guarantee / Standby LC should be till last date of shipment and not less than 2 months period for lodgment of claim in the case of capital goods and in other cases. However, where the importer is unable to obtain bank guarantee from overseas suppliers and we are satisfied about the track record and bonafides of the importer, the requirement of bank guarantee/ standby Letters of Credit may be waived with the permission from the Managing Director.

Where the amount of advance remittances for import of services exceeds USD 5,00,000 or its equivalent, a guarantee from a bank of international repute situated outside India, or a guarantee from an AD Category-I bank in India, if such a guarantee is issued against the counter-guarantee of a bank of international repute situated outside India, shall be obtained from the beneficiary.

Follow up should be made to ensure that the beneficiary of the advance remittance fulfills his obligation under the contract or agreement with the remitter in India, failing which, the amount should be repatriated to India.

Clients undertaking advance payments for import of services should possess a valid IEC Code.

Documentary evidence by way of Bill of Entry or Post Parcel Wrapper shall be insisted for all import transactions irrespective of the value of the import subject to the guidelines of the bank.

In case of LCs calling for House Bill of Lading, after obtaining permission from Head Office IBD will permit this relaxation only to those Importers having satisfactory track record and after obtaining suitable undertaking from them.

The stock covered by the unpaid DA bills shall be indicated separately in the monthly stock statement submitted by the borrower and the value of such stocks shall not be included for the purpose of computing drawing power till the relative bills are paid.

INTEREST ON IMPORT BILLS

Bank 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 is permitted at the rate prescribed for trade credit from time to time.

In case of pre-payment of usance import bills, remittances may be made only after reducing the proportionate interest for the unexpired portion of usance at the rate at which interest has been claimed or ARR 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 ARR of the currency of invoice. However, if the unexpired portion of usance is only 3-4 days, bank is having the discretion of not deducting proportionate interest if it is due to the requirement of the supplier and there is no pattern of only prepayment.

In case of change in value due to (a) or (b) above, it shall be ensured that proper remark / indicator is entered for Outward Remittance Message (ORM) mark off in IDPMS etc. as per extant IDPMS guidelines.

Booking of Forward Sale Contract:

Importers can book Forward Sale Contracts upto two times of the Import LC limit on furnishing details of the underlying exposure or upto sanctioned amount of Forward Sale Contract limit. Five percent of the permitted /sanctioned Forward Sale Contract limit shall be taken into account as credit exposure.

Import Data Processing and Monitoring System (IDPMS):

With a view putting in place a comprehensive IT- based system to facilitate efficient processing of all import transactions, Reserve Bank of India has introduced a new system known as Import Data Processing and Monitoring System (IDPMS) effective from 10 October 2016.

Similar to Export Data Processing and Monitoring System (EDPMS), primary data on import transactions will be shared with the respective banks through the IDPMS for taking the transactions forward.

Under this system, all the import payments, namely, Advance remittances for the import of goods, Payment of import bills drawn under Letter of Credit, Payment of collection bills received by the bank or by the importers are reported to RBI to update the RBI database on a real time basis. RBI is also sharing the Bill of Entry data received from the Customs with the respective banks on a daily basis for subsequent follow up. IDPMS has facilitated smooth processing of all import transactions.

GUARANTEES (Including Standby Letter of Credit):

GENERAL: The following type of Guarantees can be issued subject to sanction of limits and fulfillment of Sanction Terms & Conditions or with the permission from the higher authorities:

Bid bond / Performance / Advance Payment guarantees, Retention Money Guarantee etc. in favour of overseas beneficiaries through correspondent banks.

Bid bond/Performance/Advance Payment guarantees, Retention Money Guarantee etc. in favour of Indian beneficiaries against counter indemnity of correspondent banks.

Guarantees related to projects/service exports under due compliance to PEM (Project Export Manual of RBQ. '

Performance guarantee favouring excise authorities for removal of goods meant for exports without payment of excise duties/customs duties.

Guarantees / Indemnity favouring shipping companies for delivery of goods without production of B/L.

Deferred payment guarantees for importing plant and machinery involving payment over a period of time.

Guarantees favouring Export Promotion Councils, Commodity Boards, etc.

Other instruments governed by Contract Act/ ICC Rules ISP (Institute of International Banking Law & Practice Inc.), UCP (Uniform Customs & Practice for Documentary Credit), URDG(Uniform Rules for Demand Guarantee) or Co-acceptance.

- Application along with copy of underlying contract to be submitted along with stamped indemnity.
- Stipulated cash margin to be furnished.
- Guarantee not to contain onerous clauses.
- Bank guarantee will contain Bank's standard limitation clause.
- All guarantees normally to contain minimum 15 days' claim period for lodgment of claim after expiry of the guarantee.
- Open ended guarantees are not to be issued.

All export related bank guarantees to be covered under Export Performance Guarantee of ECGC. The exporter must produce the documentary proof of bid/ contract awarded to them and terms include submission of guarantee when related to Project / Turnkey Export Contract.

Expired guarantee bonds are to be obtained back by clients for cancellation.

If not, bank shall reverse the bank guarantee liability after giving due notice to the beneficiary. All the guarantees will be subject to Indian laws unless specifically permitted otherwise.

The guarantee must be issued in compliance with FEMA 1999.

STANDBY LETTER OF CREDIT:

Standby Letter of credit is very similar in nature to a bank guarantee. The distinction between a standby credit and a commercial letter of credit can be described as "An irrevocable letter of credit is a simple payment mechanism for a trade transaction whereas an irrevocable standby letter of credit is merely a backup available to the beneficiary (from issuing bank) in case the applicant fails to perform.

In a standby L/C:
The issuer usually is a Bank
At the request of its customer, applicant
Agrees that the beneficiary will be paid
Before the credit's expiry
Upon the beneficiary's presentment of its demand for payment any documents evidencing the applicant's non-performance.

The applicant can specify in the credit the documents that are to be presented by the beneficiary for claiming payment.

Standby L/C can perform the functions of various guarantees like Advance Payment Guarantee, Performance Guarantee, etc. by suitably amending the wordings. Standby credits are independent of the underlying contract and provide beneficiary the same degree of protection as a bank guarantee. In a Standby Credit the responsibilities of the issuing bank are clearly set out as regards payment of claims.

Standby Letter of Credits shall be issued subject to UCPDC (Uniform Customs and Practice for Documentary Credit) ICC 600 or ISP 98 (Institute of International Banking Laws & Practice Inc.) of ICC.

Commercial Standby LC's for imports into India:

Authorized Dealers in India are permitted by RBI (vide AP Dir. Series) Circular No.84 dated 03.03.2003), to issue standby LC's towards import of goods to India. Issuance of commercial standby LC covering import of goods is susceptible to certain attendant risks in the absence of evidence of shipment/insurance cover. Importers should therefore be advised that Documentary Credit under UC! 600 should be the preferred route for import of goods into India..

If Standby Letters of Credit are issued covering imports into India (either under UCP 600 or ISP 98) importer customers are to be explained of the risk factors involved/chances of abuse in acceding to the request for establishment of standby LC's for import of goods into India. Appropriate safeguards and precautions to be observed by Banks where such standby credits are issued..

AD bank may open Standby Letters of Credit (SBLC), for import of gold on loan basis, where ever required, as per FEDAI guidelines dated April 1, 2003. The tenor of the SBLC should be in line with tenor of the gold loan.

SBLC can be opened only on behalf of entities permitted to import gold on loan basis, viz. nominated agencies and EOUs/units in SEZ, which are in the Gem and Jewellery sector. As we are not nominated bank by RBI for import of gold, SBLC for import gold is not permissible to our Bank.

Satisfactory credit report on the overseas supplier should be obtained by the issuing bank before issuing Standbys.

Invocation of the Commercial standby by the beneficiary is to be supported by proper evidence. The beneficiary of the credit should furnish a declaration to the effect that the claim is made on account of failure of the importer to abide by his contractual obligations, along with the following documents.

- Copy of invoice.
- Non-negotiable set of documents including a copy of non-negotiable Bill of Lading/transport document.
- A copy of Lloyds / SGS inspection certificate wherever provided for as per the underlying contract.

Note: Whenever request is received for issuance of SBLCs which do not call for any documents as mentioned under paragraph (ii) and (iii) above, branches shall obtain approval from higher authorities for establishing such SBLC's.

Incorporation of a suitable clause to the effect that in the event of such invoice/ shipping document has been paid by the authorized dealer earlier, provisions to dishonor the claim quoting the date/ manner of earlier payment of such documents may be considered.

The applicant of a Commercial Standby Letter of Credit (Indian importer) shall undertake to provide evidence of imports in respect of all payments made under standby LC (Bill of Entry). A declaration to be taken from the applicant that all import transactions would be routed through our bank.

Bank shall follow up evidence of imports as provided for under FEMA 1999 in all cases of payments made under standby covering imports into India.

Banks must assess the credit risk in relation to standby and explain to the importer customers the inherent risk in a standby covering importation of goods.

A separate limit for establishment of standby LC is desirable rather than permitting it under the regular documentary LC limit.

Due diligence on the importer as well as beneficiary is essential.

Unlike documentary credits, banks do not hold original negotiable documents of titles to goods (such as original B.L.). Hence while assessing and fixing credit limits for standbys, banks shall treat such limits as clean for the purpose of discretionary lending powers and compliance with various RBI regulations.

1. Application cum guarantee for standby LC should be obtained from the applicant.

Banks may consider obtaining a suitable indemnity/ undertaking from the importer clients that all remittances towards their import of goods as per the underlying contract (for which standby LC is issued) will be made only through the same branch which has issued the Standby LC.

The importer should give an undertaking that he shall not raise any dispute regarding the payment made by the bank in standby LC at any point of time howsoever, and will be liable to the bank for all the amount paid therein. The importer should also indemnify the bank from any loss, claim, counter claims, damages, etc. which the bank may incur on account of making payment under the standby LC.

Presently, when the documentary LC is established through SWIFT, it is required to mention which ICC rules are applicable. Accordingly, whenever standby LC under ISP 98 is established through SWIFT, a specific clause must appear that standby LC is subject to provisions of ISP 98 or UCP 600.

It should be ensured that the issuing bank, advising bank, nominated bank etc. have all subscribed to ISP 98 in case standby is issued under ISP 98.
When payment under a standby LC is effected, the issuing bank shall report invocation/ payment to reserve Bank of India.

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Chapter 9 - Trade Relief Measures for Exporters

Introduction: In recent times, due to mounting debt issue which crossed the barrier of USD 37 trillion, USA under the presidentship of Mr. Trump announced some harsh measures in their campaign for “MAGA” (Make America Great Again) which interalia included raising Tariff on many countries including India.

Accordingly India was subjected to 25% base tariff on goods exported to USA effective 1st August, 2025 which was subsequently raised by additional 25% punitive tariff because of India’s trade relations with Russia citing the reason that it was funding the war with Ukraine. Thus the overall tariff for Indian goods was raised to 50% w.e.f. 27/08/2025.

India’s overall balance of trade position with USA was favourable to the extent of approx. 60 billion USD in 2024-25. However, because of the tariff being levied on Indian goods by USA, exports suffered due to uncompetitive prices for Indian goods in USA. Indian Government made arrangements to diversify the exports to different global destinations immediately but still the exporters were financially hurt to certain extent. Hence there was a need for the Government to announce some relief measures urgently.

Hence RBI issued a directive on 14/11/2025 - Reserve Bank of India (Trade Relief Measures) Directions 2025. Vide this direction RBI instructed all ADs to announce a Board approved policy incorporating all instructions provided in the circular.

Accordingly, our Bank announced a Trade Relief Measures policy which will become a part of our “Foreign Exchange Business & Trade Finance Policy” from 01-04-2026 onwards till it is in force.

Features of Trade Relief Measures Policy for Exporters, 2025 are as under:

1. This Policy will come into force from immediate effect after it is approved by the Board.
2. This policy guideline will be applicable to all those Exporters who are enjoying credit facilities from our Bank and are impacted by trade disruptions caused by global headwinds.
3. The criteria for eligibility will be as under:
   a. He is an exporter engaged in export of goods specified from the sector given in Annexure 1.
   b. He was enjoying credit facilities for exports from the Bank and an outstanding balance as on 31/08/2025.
   c. The Export credit account of the Exporter was rated as "Satisfactory" as on 31/08/2025
4. The amount of Relief to be provided to the Exporter will be as under:
   a. In respect of Term loans extended to the Exporter payable by instalments (Principal and / or Interest) moratorium will be granted for the effective period 01/09/2025 to 31/12/2025.
   b. In respect of all working capital facilities including CC / OD, recovery of interest will be deferred during the effective period 01/09/2025 to 31/12/2025.
   c. During the Moratorium Period or Deferment period as mentioned in a & b above, interest will continue to accrue for the effective period but without compounding effect i.e. on simple interest basis.
   d. The accumulated accrued interest mentioned in c above will be treated as a funded term loan payable in instalments between 01/04/2026 to 30/09/2026 period.
   e. Tenor for Pre Shipment & Post Shipment Finance disbursed upto 31/03/2026 will be considered upto 450 days.
   f. In case an exporter has availed Pre shipment Finance upto 31/08/2025 but could not ship the goods, will be permitted to repay the finance from

any lawful source including deposit of domestic sale proceeds of goods or substitution with proceeds from another export order.

5. Asset Classification & Provisioning Norms:
    a. For calculating past due period in respect of 4a – Moratorium or 4b – Deferment, the effective period will be excluded for the purpose of Asset Classification.
    b. Granting Moratorium or Deferment to exporters should not be considered as credit restructuring and the account should not be downgraded.
    c. After 31/12/2025, for all those exporters account were relief was granted will become regular accounts and same rules will be applicable as hitherto.
    d. Our Bank will report to Credit Information Companies (CICs) the factual position as per the provisions of this policy.
    e. In respect of those Exporters, which were in default but categorised as Satisfactory and were granted measures, a general provision of 5% of the outstanding balance as on 31/12/2025 will be made.
    f. The general Provision made will be adjusted for slippages on the basis of actual provision requirement from all these borrowal accounts. Any residual general provisions on 31/03/2026 will be written back or adjusted with provision requirement of all borrowers by 30/06/2026.
    g. Till such adjustments are made, the provisions should not be netted and shown separately in the balance sheet. They will not be used for arriving at net NPA till they are adjusted.
6. Disclosure and Reporting: Our Bank will develop a MIS in which details of relief provided will be incorporated segregating the data on borrower wise and facility wise basis. This data will be reported every fortnight on 15th and last day of the month to RBI as per the format provided by them on their DAKSH platform.

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Annexure 1

2 Digit HS Code	Description
03	Fish & Crustaceans, Molluscs and other aquatic invertebrates
29	Organic Chemicals
38	Miscellaneous Chemical Products
39	Plastics and Articles thereof
40	Rubber and Articles thereof
42	Articles of Leather, Saddlery & Harness; Travel goods , Handbags and similar containers, articles of animal gut, (other than silkworm gut)
57	Carpets and other textiles floor coverings
61	Articles of Apparels & Clothing accessories, knitted or crocheted
62	Articles of Apparels & Clothing accessories, not knitted or crocheted
63	Other made up textile apparels, sets, worn clothing and worn textile articles, rags
64	Footwear, gaiters and the likes, parts of such articles
68	Articles of stone, plaster, cement, asbestos, mica or similar materials
71	Natural or cultured Pearls, precious or semi-precious stones, precious metals, clad with precious metals and articles thereof, imitation jewellery, coin;
73	Articles of Iron or Steel
76	Aluminium and Articles thereof
84	Nuclear Reactors, Boilers Machinery and mechanical appliances, parts thereof

85	Electrical Machinery, equipment and part thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts;
87	Vehicles other than railway or tramway rolling stocks and parts and accessories thereof;
90	Optical, photographic and cinematographic measuring and checking precision, medical or surgical instruments, & Apparatus, parts or accessories thereof;
94	Furniture, Bedding, Mattresses, Mattress Supports, Cushions and similar stuffed furnishings, lamps and lighting fittings, not elsewhere specified or included;

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Chapter 10 – Charges on Foreign Exchange Transactions

This chapter outlines the schedule of service charges applicable to various foreign exchange transactions handled by the International Banking Division. Service Charges for all IBD products and facilities shall be levied in accordance with the schedule of service charges annexed to this policy. This service charges schedule remains in force and effect until such time as it is formally reviewed or amended by the Bank from time to time. These charges are effective from 01st April, 2026 and are exclusive of GST and other statutory levies.

- Charges to be applied uniformly across the all the Branches of the Bank.
- Exchange margin is in-built where applicable.
- Out-of-pocket expenses (SWIFT, courier, etc.) to be recovered additionally.
- Both bank and intermediary charges applicable for routed transactions.
- Minimum and maximum caps to be strictly followed.

Service Products are mostly Remittance related products and can be broadly classified as under:

- **All Import/ Export Transactions.**
- **Issue & Encashment of Foreign Currency Notes.**
- **Issue & Encashment of Travel Cards & Traveller Cheques.**
- **Effecting Foreign Outward / Inward Remittances for FEMA approved purposes.**
- **Execution of Foreign Outward / Inward Remittances in foreign currency.**
- **Collection of instruments denominated in foreign currency drawn and payable abroad.**

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