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**Annexure III : Guidelines for acceptance of passage fare/freight in rupees/foreign currency in India by Airlines/Shipping companies or their agents**

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**Guidelines for acceptance of passage fare/freight in rupees/foreign currency in India by Airline/ Shipping companies or their agents**

[Part B of Chapter 8]

**A. Passage Fare**

- (1) Passage fare in rupees can be accepted freely from residents for their travel from/to India.
- (2) Passage fare in rupees can be accepted from non-residents from their bank accounts in India for their travel to India. Passage fare in rupees can also be accepted from non-residents, who are on a visit to India, for their travel from India.
- (3) Passage fare in rupees can be accepted from residents on behalf of non-residents, for the latter's travel to/from India.
- (4) Passage fares in rupees can be accepted for crew members of foreign shipping companies for their travel on the carriage of foreign airline companies provided payment is made out of the net remittable freight collections of the concerned shipping company. (A certificate to this effect should be obtained from the agent in India of the foreign shipping company.)
- (5) The tickets issued in India should normally be those of a carrier operating in or through India. This however, does not restrain the carriers operating in or through India from issuing tickets with coupons covering journeys between two

points abroad on a carrier not so operating (e.g. Air India ticket may be issued containing coupons one or more of which are for confirmed/open dated booking for journey/s between European and African ports by an airline which does not have any flights touching Indian ports). Offline carriers i.e. those which do not operate their services in or through India or their General Sales Agent (GSA) in India may, after obtaining required permission from RBI under section 29(1)(a) of FERA, sell tickets and/or airway bills against payment in Indian rupees, only in conjunction with the tickets/airway bills issued for travel to/from India and import/export into/from India, as also in respect of their adhoc flight/s to/from India.

- (6) Refunds on tickets/Prepaid ticket advices etc. for which payments were received in rupees in India from residents, should be made only in rupees in India.
- (7) In all other cases, the cost of ticket should be accepted only in a convertible foreign currency or in rupees if supported by an encashment certificate in the prescribed form issued by an authorised dealer.
- (8) Particulars of the traveller such as name, address, nationality, passport number and date and place of its issue, route and the amount of fare collected should be obtained and kept on record by the airline company. Where the fare is paid by a resident on behalf of a non-resident, the name and address of the person paying the fare should be recorded.

## **B. Freight**

- (9) Freight on import of goods into the country may be accepted in rupees on submission of a declaration by the importer to the effect that it has to be borne by him in terms of the contract with the overseas seller. In respect of goods imported as consolidated air cargo on freight payable basis, freight may be accepted in rupees after obtaining a declaration as indicated above. Where the overseas consolidator has advanced the freight abroad to the airline company and claims reimbursement from the break-bulk agent in India, the procedure

laid down in paragraph 8B.4 should be followed.

- (10) Freight on import of goods made by foreign diplomatic missions/personnel in India may be accepted in rupees in India only if they have been derived from conversion of the balance maintained in a foreign currency account in India with the State Bank of India by a cheque drawn on such an account in favour of the airline/shipping company.
- (11) Freight in respect of goods consigned from foreign ports (or of foreign ownership) shipped or transhipped through Indian ports can be accepted in rupees in India only if they have been derived by sale of convertible foreign currency to an authorised dealer and supported by an encashment certificate in the prescribed form issued by the authorised dealer.
- (12) Freight in respect of import of goods into Nepal/Bhutan from countries outside India, where it is payable at the destination, i.e. at an India port, may be accepted in rupees in India only where the shipment is made by an Indian or Nepalese/Bhutanese carrier. Where, however, other carriers are used, freight can be accepted in rupees only if they have been derived by sale of convertible foreign currency to an authorised dealer and supported by an encashment certificate in the prescribed form issued by the authorised dealer.
- (13) Freight on excess or unaccompanied baggage of travellers proceeding abroad from India may be accepted in rupees in India provided they are booked for the same destination for which ticket has been issued and paid for in rupees in India.
- (14) Freight on excess or unaccompanied baggage of travellers arriving in India may be accepted in rupees in India provided the ticket for travel to India has been booked against payment in rupees in India.
- (15) Freight on export of goods from India may be accepted in rupees in India on submission of a declaration by the exporter that the freight is either payable by him in terms of the contract with the overseas buyer or the freight is being paid

by him on behalf of the overseas supplier and would be recovered and repatriated to India, along with the amount of invoice, in an approved manner.

- (16) Freight on air/sea cargo moving in consolidation may be accepted in rupees in India from air/sea cargo agents only in cases where exports have been made on 'freight prepaid' basis and after obtaining a certificate from them that exporters (list of names and addresses of exporters to be attached) have in turn given a declaration to them that the exports are on 'freight prepaid' basis.
- (16A) Freight on air/sea cargo moving in consolidation may be accepted in rupees from air/sea cargo consolidators in India in respect of exports on f.o.b. basis after obtaining a certificate from them that the relative amounts will be recovered from the overseas buyer by their overseas break-bulk agents.
- (16B) Freight on CIF/C&F exports by sea cargo consolidation may be accepted in Indian rupees from the registered Multimodal Transport Operators and sea cargo consolidators on submission of a declaration that the freight paid is in respect of export cargo consolidations under MTD Nos..... to..... /House Bills of Lading No.....to.....
- (16C) Collection of Bunker Adjustment Factor (BAF) and Currency Adjustment Factor (CAF) should be strictly as per the resolution/s and/or instructions from the conference of which the foreign shipping company is a member.
- (16D) A separate cheque/bank draft may be collected by the agents for Terminal Handling Charges (THC), ancillary charges and Container Detention Charges (CDC) and kept in an identifiable manner. In case a consolidated cheque for freight and other charges i.e. THC etc. is issued, it should be in the name of local agent only who will in turn transfer the portion relating to freight and surcharge to the freight collection account giving reference number shown in the respective freight manifest.
- (17) Freight in rupees in India may be accepted from exporters in India in respect of goods earlier exported by them which are now being reimported into India.

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- (18) Rebate in respect of shipments for which payment of freight was received in rupees should be paid only in rupees in India.
- (19) Freight in respect of Nepalese/Bhutanese exports made through Indian ports, where it is payable at an Indian port, may be accepted in rupees in India only where the shipment is made by an Indian or Nepalese/Bhutanese carrier. Where, however, other carriers are used, freight can be accepted in rupees only if they have been derived by sale of convertible foreign currency to an authorised dealer and supported by an encashment certificate in the prescribed form issued by the authorised dealer.
- (20) In all other cases, freight should be accepted only in foreign currency or in rupees if supported by an encashment certificate in the prescribed form issued by an authorised dealer. Freight can also be accepted in foreign currency wherever offered by Indian exporters/importers (see paragraph 8C.4).
- (21) Shipping companies and their agents should not issue Telegraphic Delivery Orders (TDOs) direct in favour of consignees named by the exporters as all shipping documents covering export of goods from India must be passed through the medium of an authorised dealer. TDOs may, however, be issued in the name of an overseas correspondent bank of the authorised dealer in India through whom the relative drafts or bills will be forwarded.
- (21A) Feeder freight/slot hire charges in respect of cargo/containers carried from/to Indian ports to/from international transshipment ports (hub ports) may be paid to the Feeder Line Operators or their agents in India in rupees alongwith a certificate indicating therein the name and voyage number of the feeder vessel and amount of feeder freight charges paid by the concerned company and giving a reference to the monthly statement in form SPM 2/SPG 1 submitted/to be submitted to Reserve Bank in which the amounts of freight paid have been/will be reported.

- (21B) Feeder freight/slot hire charges may be collected by agents of Feeder Line Operators from the agents of Main Line Operator, Multimodal Transport Operators and Non Vessel Operating Common Carriers (NVOCC) and Indian shipping companies if accompanied by a statement showing the number of containers and serial number thereof and reference number of the SPM2/SPG1/MTR in which the figures have been reported.

### **C. Statements**

- (22) Foreign airline companies operating in or through India or their agents in India should forward to Reserve Bank through their bankers a monthly statement (in duplicate) of their passage and freight collections and disbursements made therefrom in form SPM 1 during the month, duly signed by the Chief Executive of the airline company in India. The statement should be submitted irrespective of whether remittance of surplus funds out of India is intended to be applied for or not. (One copy of the statement will be forwarded to Reserve Bank by the concerned bank in the manner laid down in paragraph 8B.1 of the Manual).
- (23) Foreign shipping companies operating in or through India or their agents in India should forward directly to Reserve Bank a voyage-wise statement in form SPM 2 giving details of passage and freight collections and disbursements made for the vessel belonging to the foreign shipping principal. The statement should be submitted irrespective of whether remittance of surplus funds out of India is intended to be applied for or not.
- (23A) Foreign shipping companies operating feeder services in or through India or their agents should forward directly to the Reserve Bank, voyagewise statement in form SPM 4 giving details of passage and freight collections and disbursements made for the vessel belonging to the foreign shipping principal. The statement should be submitted irrespective of whether remittance of surplus funds out of India is intended to be applied for or not.
- (24) Indian airline/shipping companies should submit to Reserve Bank a monthly statement in form SPM 3 giving details of passages booked for journeys which are partly or wholly outside India and freight collections in India on goods

exported from or imported into India or transhipped at Indian ports.

**D. Maintenance of Records**

- (25) Section 33 (2) of FERA 1973 empowers the Reserve Bank to require any person to furnish any information, book or other document in his possession. Airline/shipping companies and their agents should, therefore, maintain proper records and books in respect of their business and in support of the particulars furnished in the statements submitted by them to Reserve Bank and preserve them at least for a period of six months for being forwarded to Reserve Bank for inspection when called upon to do so.
  
- (26) Passage/freight collections should be credited to Non-resident account of the foreign shipping company or in the name and account of the agent styled - 'Name of the Agent - A/c. Name of the foreign shipping company'. Miscellaneous charges covering local expenses of the agent should be kept separately and not credited to the above account.