

Date : 31 May 2005

Annexure V : Guidelines to authorised dealers for scrutiny of applications in form SPM 2 for remittance of surplus passage/freight collections by agents in India of foreign shipping companies

Annexure V

Guidelines to authorised dealers for scrutiny of applications in form SPM 2 for remittance of surplus passage/freight collections by foreign shipping companies or their agents in India

[Paragraph 8 B.2 of ECM }

1. Authorised dealers should ensure that the figures reported therein are prima facie in order and the remittances have been made out of the net surplus collections.
2. All collections of freight reported against item 4 of the statement are duly supported by freight manifest.
3. The passage fare/freight collections reported in the statement have been made in accordance with the Guidelines of Reserve Bank of India (Annexure III to Chapter 8) and that bank certificates have been enclosed where passage fare/freight is required to be received in foreign currency (see paragraphs A.22 and A.23 of the Guidelines vide Annexure III)
4. At least 10 to 15 % entries in the freight manifests in respect of freight collections on export cargo should be verified with reference to the Sr.No.of containers shown in the freight manifest and tallied with those shown in export tally sheet certified by the surveyors of the shipping company to ensure actual loading on board the ship of the relevant export cargo. In case of inconsistency, if any, relative export general manifest certified/acknowledged by Custom authorities may be called for and verified.
5. In respect of freight collections on imports on charges collect basis the relative Bills of Lading should be verified in full.
6. Other receipts reported against item 5 of the statement are supported by suitable documentary evidence. It should be ensured that other receipts do not include any

charges such as Terminal Handling Charges (THC), Container Detention Charges (CDC), etc. which are due to the agent and not to the foreign shipping principals and hence not remittable.

7. Incomes reported on account of investments of funds (including fixed deposits) are covered by the requisite approval of Reserve Bank since investment of surplus funds is not ordinarily permitted and the carriers are expected to repatriate the surplus as and when due.
8. Request, if any, for transfer of funds to another agent of the same principal, should be considered by the transferor's bankers only after (i) arriving at and out of the net remittable surplus i.e. the difference between collections (Column 3 + 4) and disbursements (Column 7) without taking into account the 'other receipts' (Column 5) and (ii) obtaining prior authorisation of the principal.
9. Transfer of funds from one shipping agent to another of the same principals if reported against item 9(b) of the statement are covered by the requisite authorisation of the principal.
10. Any collections which are not supported by the requisite documents would not be eligible for repatriation. In such cases authorised dealers may deduct such amount from the amount sought to be remitted. They may be allowed after obtaining suitable documentary evidence/clarification from the applicant. Details of all such discrepant amounts should be advised to Reserve Bank while forwarding statement in form SPM 2. Reserve Bank will further advise in the matter.
11. The Disbursement Account (DA) statement should be verified with reference to the eligible items for rupee expenses i.e. local consumption only. The supporting vouchers/bills etc. are not required to be enclosed with the statement. The AD can, however, call for the same for perusal and return at random to verify the corrections of the amount reported in DA statement.
12. In case the amount disbursed by the agent is more than the collections reported in the statement, the agent should be advised to arrange for remittance of funds from his principals abroad.

13. Payments made to agents of feeder line operators should be against service bill of lading (and an invoice from the agent if no amount is shown in service bill of lading) supported by a statement giving details of number of containers and serial number thereof.
14. Deleted.
15. Foreign shipping companies/their agents in India are required to submit to Reserve Bank through their bankers voyage-wise statements (in duplicate) in form SPM 2 within 35 days from the date of sailing of the vessel, vide paragraph 23 of the Guidelines (Annexure III) irrespective of whether remittance of surplus funds out of India is intended to be applied for or not. Authorised dealers should watch the regular receipt of the statements from the shipping companies/their agents concerned who are maintaining bank accounts with them for crediting freight/passage collections. They should also maintain a register for recording the particulars of SPM 2 statements received and remittances of surplus passage/freight collections allowed to be made by them in form SRM. In case of default in submission of SPM 2 statement or continuous discrepancies, the matter may be brought to the notice of concerned office of Reserve Bank.
16. A monthly statement in form SRM i.e. the form in which a register is maintained by authorised dealers should be forwarded to Reserve Bank by 10th day of the succeeding month after completing the certificate mentioned therein alongwith voyage-wise statements in form SPM 2 (without enclosures). The documents received from the applicants should be preserved for a period of one year from the date of remittance or till the date of acceptance of the transaction as in order by the internal auditors of the authorised dealer concerned, whichever is latter.
17. Where there is a deficit in the voyage account i.e. disbursements exceed collections, the concerned Authorised dealer should ensure that the deficit is invariably met out of the unremitted net surplus collections pertaining to the previous voyage or by way of inward remittances from overseas principals.
18. Applications for remittance/utilisation of port congestion surcharge and port additional charges collected from shippers should be referred to concerned office of Reserve Bank with full details.