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## **EXPORT OF GOODS, SOFTWARE, CURRENCY ETC.**

### **PART A - GENERAL**

#### **Trade and Exchange Control**

**6A.1** (i) The offices of the Director General of Foreign Trade regulate the physical

export of commodities. They may prohibit under the Exim Policy, the export of certain commodities, stipulate that the export of certain other commodities would be subject to licence, prescribe minimum export prices or methods by which payments for exports of some commodities will have to be received. Export of certain commodities might be subject to restrictions placed in other statutes also. Nothing in the Exchange Control regulations outlined in this Manual shall relieve the exporter from complying with those laws and/or conditions imposed under those laws.

(ii) In exercise of the powers conferred by section 18(1) of Foreign Exchange

Regulation Act, 1973, Government of India have issued [Notifications No. F1/67/EC/73-1](#) and [No. F1/67/EC/73-2](#) both dated 1st January 1974, prohibiting the export of any goods directly or indirectly to any place outside India, other than Nepal and Bhutan, unless a declaration in the prescribed form is furnished to the prescribed authority. The various forms of declarations have been prescribed in the Second Schedule to the Foreign Exchange Regulation Rules, 1974. These Rules also lay down regulations relating to the prescribed period for realisation of export proceeds and the manner of payment of export value of goods.

#### **Exemptions from Declarations**

**6A.2** In terms of [Notifications Nos.F1/67/EC/73-1](#) and [2](#) both dated 1st January 1974, the

requirement of declaration on one of the prescribed forms does not apply to the exports listed

therein. Copies of these notifications are given in Volume II of the Manual. In terms of these notifications, the requirement of declaration does not, inter alia, apply to goods despatched by air freight or post parcel provided the packet is accompanied by a declaration by the sender that the value of the goods is not more than Rs.10,000 and that the export does not involve any transaction in foreign exchange. Reserve Bank, by its Order No. EC.CO.COX.126/5/Policy/93 dated 5th March 1993, has granted general permission to airline companies/air taxi operators to despatch aircraft engines and spare parts out of India for overhauling/repairs and their subsequent return to India, free of payment, without furnishing a declaration on [GR](#) / [PP](#) form. [Please also see [paragraph 6F.3 regarding replacement of goods](#)]

### Export Declaration Forms

**6A.3** The Foreign Exchange Regulation Rules, 1974 prescribe export declaration forms

called Exchange Control Declaration ([GR](#)) form, hereafter referred to as [GR form](#), [PP](#)

and [VP/COD](#) forms. All exports to which the requirement of declaration applies must be declared on appropriate forms as indicated below:

- (a) Exchange Control Declaration : Exports to all countries made  
[\(GR\)Form](#) otherwise than by post.
- (b) [PP Form](#) : Exports to all countries by parcel post, except when made on 'value payable' or 'cash on delivery' basis.
- (c) [VP/COD Form](#) : Exports to all countries by parcel post, under arrangements to realise proceeds through postal channels on 'value payable' or 'cash on delivery' basis.

NOTE: *Export declarations are to be made in a set of two copies (original and duplicate) of [GR](#) or [PP](#) form. [VP/COD](#) forms are to be submitted in a single copy.*

### Numbering of forms

**6A.4** [GR](#) and [PP](#) forms are printed by Reserve Bank for sale to authorised dealers for supply to their customers. [VP/COD](#) forms are sold directly to exporters by the offices of the Exchange Control Department of Reserve Bank. [GR](#) / [PP](#) forms are printed in distinctive colours and each set bears a printed number which appears on both copies in the set. In all remittance applications and correspondence with the Reserve Bank relating to any export transaction, the printed number of [GR](#) / [PP](#) form on which the relative export was declared should invariably be cited. In case of exports declared on [GR](#) form, the 10 digit number allotted to the [GR](#) form by Customs should also be cited in full.

## **Importer-Exporter Code Number**

**6A.5** Every person/firm/company engaged in export business in India should obtain Importer-Exporter Code Number from the Director General of Foreign Trade (DGFT) as required under the Export and Import Policy. The Head/Registered office as well as its branches in India should invariably cite the number so allotted by DGFT on [GR](#), [PP](#) or [VP/COD](#) forms as also [SOFTEX](#) form used for declaration of exports. Customs/Post Office/Department of Electronics will not entertain any export forms which do not bear the Importer-Exporter Code Number issued by DGFT.

## **Methods of Payment**

**6A.6** (i) The methods for receipt of payment for exports are given in [Chapter 2](#). Normally, payment must be received through the medium of an authorised dealer. It will, however, be in order for authorised dealers to handle documents in cases where the exporter has received the export proceeds directly from the overseas buyer in the form of bank draft, pay order, banker's cheque, personal cheque, foreign currency notes, foreign currency travellers' cheques, etc., without any monetary limit provided the exporter's track record is good, he is a customer of the concerned authorised dealer and prima facie the instrument represents payment for exports.

(ii) It will also be in order for authorised dealers to handle documents in cases where the exporter has received the export proceeds in respect of goods sold to overseas buyers during their visits to India in rupees from the Credit Card Servicing banks either by way of reimbursement against charge slips signed by the ICC holders (overseas buyers) or as instantaneous credit to his bank account in India. GR(duplicate) should be released by the authorised dealers on receipt of funds in their Nostro account or on production of a certificate by the exporter from the Credit Card Servicing bank in India to the effect that it has received the equivalent amount in foreign exchange, if the authorised dealer concerned is not the Credit Card Servicing bank.

(iii) Payments towards export proceeds out of funds held in the Foreign Currency (Non-resident) account and Non-resident (External) Rupee account is also permitted.

(iv) Payments towards export proceeds from a rupee account, held in the name of an Exchange House with an authorised dealer, is also permissible up to Rs.2,00,000 per transaction.

## **Time limit for Realisation of Export Proceeds**

**6A.7** In terms of Rule 8 of the Foreign Exchange Regulation Rules, 1974, as amended, the

amount representing the full export value of goods exported must be realised by an exporter on the due date for payment or within six months from the date of shipment, whichever is earlier. In respect of exports made to Indian-owned Warehouses abroad established with the permission of the Reserve Bank, a maximum period of 15 months is allowed for realisation of export proceeds. As regards consignment exports to CIS countries and East European countries, see Note C under [paragraph 6C.8\(ii\)](#).

## **Exports under Trade Agreements/Rupee Credits**

**6A.8** (i) Export of goods under special arrangements or rupee credits extended by

Government of India to foreign Governments will be governed by terms and conditions

set out by Export Trade Control authorities in the relative Public Notices. These notices will cover various aspects such as type of goods eligible for export, procedure for obtaining approval for individual export contracts, manner

of receiving payment and other matters. Important instructions relating to such exports will also be communicated by Reserve Bank to authorised dealers in the form of A.D. Circulars. Authorised dealers should refer to these Public Notices and A.D. Circulars while handling documents covering exports under these arrangements and ensure that prescribed procedure is meticulously followed.

(ii) The Export-Import Bank of India (Exim Bank) also extends, from time to time,

lines of credit to commercial banks/financial institutions in foreign countries for financing exports from India to those countries. Terms and conditions governing such credits are communicated by Reserve Bank to authorised dealers by means of A.D. Circulars. Authorised dealers should be guided by the instructions contained in such circulars while handling documents covering exports under these arrangements and should meticulously follow the procedure prescribed therein.

### **Protection against Transit Risks under f.o.b., c.& f., etc. Contracts**

**6A.9** In case of exports contracted on f.o.b., c.& f., etc. terms and not covered by irrevocable letter of credit opened by buyers, exporters will be well advised to ensure even before

cargoes are shipped that the shipment has been adequately insured against all risks of loss or damage during the entire course of transit and that such insurance cover incorporates seller's interest clause in the relative policy, permitting claims being paid to exporter in India in the event of loss/damage to the shipment before ownership in the goods passes to buyer (See Note under [paragraph 15A.2](#) and also [paragraph 15A.3](#)).

### **Bid Bonds and Other Guarantees against Commodity Exports**

**6A.10** In terms of the [Notification No. FERA.132/93-RB](#) dated 26th April 1993, issued under Section 26 of FERA 1973, authorised dealers have the permission to give performance bond or guarantee in favour of overseas buyers on account of bonafide exports from India. Before issuing any such guarantees, they should satisfy themselves with the bona fides of the applicant and his ability to perform the contract and also that the value of the bid/guarantee as a percentage of the value of the contract/tender is reasonable and according to the normal practice in international trade and that the terms of the contract are in accordance with the Exchange Control regulations. Authorised dealers may also, subject to what has been stated above, issue counter-guarantees in favour of their branches/correspondents abroad in cover of guarantees required to be issued by the latter on behalf of Indian exporters in cases where guarantees of only resident banks are acceptable to overseas buyers in accordance with local laws/regulations. If and when the bond/guarantee is invoked, authorised dealers may make payments due thereunder to non-resident beneficiaries but a report should be sent to Reserve Bank where the amount of the remittance exceeds U.S.\$ 5000 or its equivalent.

NOTE: *Prior approval of Reserve Bank should be obtained by authorised dealers for issue of performance bonds/guarantees in respect of caution-listed exporters.*

### **Minor Guarantees**

**6A.11** Authorised dealers may freely give on behalf of their customers and overseas branches and correspondents, guarantees in the ordinary course of business in respect of missing or defective documents, authenticity of signatures and for other similar purposes.

### **Foreign Currency Accounts**

**6A.12** Reserve Bank may consider selectively applications from exporters having good track record for opening

foreign currency accounts with banks abroad for crediting the proceeds of export shipments made (except to countries which are members of Asian Clearing Union) subject to certain terms and conditions. The facility will generally be extended to Export/Trading/Star Trading/Super Star Trading Houses and other exporters whose net foreign exchange earnings during the preceding year on account of exports after adjusting payments towards imports are not less than Rs.4 crores. A designated branch of an authorised dealer in India will monitor the operations in the account abroad. Applications for this purpose may be submitted through the designated branch on [form EFC](#) to the concerned office of the Exchange Control Department under whose jurisdiction the exporter is functioning.

### **Counter Trade**

**6A.13** (i) Counter-trade proposals involving adjustment of value of goods imported into India against value of goods exported from India in terms of an arrangement voluntarily entered into between the Indian party and the overseas party through an Escrow Account opened in India in U.S. dollar will be considered by the Reserve Bank. All imports and exports under the will be payable on balances standing to the credit of the Escrow Account but the funds temporarily rendered surplus may be held in a short-term deposit up to a total period of three months in a year (i.e. in a block of 12 months) and the banks may pay interest at the applicable rate. No overdraft will be permitted in the Escrow Account nor any loans will be permitted to be granted against funds in the account.

(ii) Application for permission for opening an Escrow Account may be made by the

overseas exporter/organisation through the authorised dealer with whom the account is proposed to be opened, to the office of Reserve Bank under whose jurisdiction the authorised dealer is functioning.

(iii) Reserve Bank will also consider counter trade proposals from Indian exporters

with Romania involving adjustment of value of goods exported from India to Romania against value of goods imported from Romania into India in terms of an arrangement voluntarily entered into with a party in Romania through an Escrow account in U.S. Dollar maintained with a bank in Romania for the purpose. The Indian exporter should utilise the Escrow account funds within three months from the date of credit to the Escrow account for import of goods from Romania into India. Application for necessary permission to open a U.S. Dollar Escrow Account may be submitted by an Indian exporter through an authorised dealer to the concerned office of Reserve Bank under whose jurisdiction the applicant is situated. The concerned authorised dealer will be required to monitor the transactions in the U.S. Dollar Escrow Account with banks in Romania through a mirror account.

### **Export of goods on lease, hire, etc.**

**6A.14** Machinery, equipment, etc. are sometimes exported on lease, hire, etc. basis under

agreement with the overseas lessee against collection of hire charges and ultimate reimport of the goods exported. Exporters who wish to export goods on such terms should approach, through an authorised dealer, the office of the Reserve Bank under whose jurisdiction the exporter is situated, giving full particulars.

### **Participation in Trade Fairs Abroad**

- 6A.15** (i) Firms, companies as also Export Promotion Councils and other grantee organisations (list given in the [Annexure](#)) which are autonomous organisations under the Ministries

of Commerce and Textiles of the Government of India and other Agencies/Commodity Boards regarded as Export Promotion Councils which are notified in the Export and Import Policy wishing to participate in trade fairs and exhibitions abroad and private publishers, printers etc. wishing to participate in book fairs/exhibitions abroad should apply to authorised dealers for exchange with necessary particulars. Authorised dealers may, on receipt of application from the aforesaid entities, release exchange subject to the condition that the participants render proper account of the expenditure incurred for the above purpose.

- (ii) Exporters participating in international exhibition/trade fairs have been granted

general permission vide Reserve Bank [Notification No.FERA.161/95-RB](#) dated 31st January 1995 for opening temporary foreign currency account abroad for depositing the foreign exchange obtained by sale of goods sent for display-cum-sale at the international exhibition/trade fair and operate thereon during their stay outside India provided that the account is closed immediately after close of exhibition/trade fair and the balances therein is repatriated to India through normal banking channel. Exporters are also required to render full account of the transactions and the sale of goods exported for display-cum-sale in exhibition/trade fair to Reserve Bank duly certified by their bankers and produce documentary evidence regarding reimport of goods unsold within a period of 15 days from the close of the exhibition/fair.

*NOTE: Authorised dealers may release exchange up to the amount requested for, on application to the All-India trade / industry bodies for organising trade fairs/exhibitions abroad. Authorised dealers should ensure that proper account of the expenditure incurred in foreign exchange so released for the above purpose is rendered by the organisation as soon as the trade fair/exhibition is over.*

### **Project Exports and Service Exports**

- 6A.16** (i) Export of engineering goods on deferred payment terms and execution of turnkey projects and civil construction contracts abroad are collectively referred to as

'Project Exports'. Project export contracts are generally of high value and exporters undertaking them are required to offer competitive credit terms to be able to secure orders from foreign buyers in the face of stiff international competition. Indian exporters offering deferred payment terms to overseas buyers in respect of export of goods and those participating in global tenders for undertaking turnkey/civil construction contracts abroad require specific prior approval of Reserve Bank for credit terms to be offered, third country imports and opening of liaison office. Regulations relating to 'Project Exports' and 'Service Exports' are laid down in the Memorandum on Project Exports (PEM).

- (ii) Pure supply contracts i.e. contracts for export of goods where at least 90 per cent

of the export value is realised within the prescribed period i.e. six months from the date of shipment and the balance amount within a maximum period of two years from the date of shipment, are not treated as deferred payment exports, provided the exporter does not require/avail of any funded or non-funded facility/ies for such exports from

authorised dealers. Exporters should, therefore, directly approach ECGC for appropriate cover and Reserve Bank for approval of the terms of payment in accordance with the procedure laid down in Memorandum PEM.

### **Export on Elongated Credit Terms**

**6A.17** Normally, proceeds of export of goods, other than those for which exporters have been permitted to offer commercial credit, ([cf. paragraph 6A.16](#)) have to be realised on the

due date for payment or within six months from the date of shipment whichever is earlier (or 15 months from the date of shipment in respect of exports to Indian-owned warehouses established abroad with the permission of the Reserve Bank). In some cases, however, the overseas buyers may be seeking longer period for payment of proceeds of commodities which are normally exported from India on "cash" terms generally on the ground that remittances of proceeds are not permitted within 6 months or earlier by the buyers' country, in view of its difficult balance of payments position. Exporters intending to export goods on such terms may submit their proposals in [form ECT](#) through their banks to the concerned regional office of Reserve Bank for consideration.

### **Forfeiting**

6A.18

(i) Export-Import Bank of India (Exim Bank) has introduced a scheme of forfeiting as an instrument of financing exports. It would be in order for authorised dealers to allow remittance of commitment fee/service charges payable by the exporter as certified by the Exim Bank. Such remittance may be permitted in advance in one lump-sum or at monthly intervals as certified by the Exim Bank. Payment of these fees may be treated analogous to bank charges. In case, however, the commitment fee and other charges exceed 1.5% of the invoice value, the exporter should be advised to obtain prior approval of Reserve Bank.

(ii) Authorised dealers have also been permitted to introduce a scheme of forfeiting of medium term export receivables, if they so desire. The procedure as followed by Exim Bank may be followed by authorised dealers in this regard.

## **PART B - GR/PP PROCEDURE**

### **Disposal of Copies of Export Declaration Forms**

6B.1

(i) Copies of export declaration forms should be disposed of as under:

(a) GR forms should be completed by the exporter in duplicate and both the copies submitted to the Customs at the port of shipment along with the shipping bill. Customs will give their running serial number on both the copies after admitting the corresponding shipping bill. The Customs serial number will have ten numerals denoting the code number of the port of shipment, the calendar year and a six digit running serial number. Customs will certify the value declared by the exporter on both the copies of the GR form at the space earmarked and will also record the assessed value. They will then return the duplicate copy of the form to the exporter and retain the original for transmission to Reserve Bank. Exporters should submit the duplicate copy of the GR form again to Customs along with the cargo to be shipped. After examination of the goods and certifying the quantity passed for shipment on the duplicate copy, Customs will return it to the exporter for submission to the authorised dealer for negotiation or collection of export bills.

(b) Within twenty one days from shipment of goods, exporter should lodge the duplicate copy together with relative shipping documents and an extra copy of the invoice with the authorised dealer named on the GR form. After the documents have been negotiated/sent for collection, the authorised dealer should report the transaction to



Reserve Bank in statement ENC under cover of appropriate R-Supplementary Return. The duplicate copy of the form together with a copy of invoice will be retained by the authorised dealer till full export proceeds have been realised and thereafter submitted to Reserve Bank duly certified under cover of appropriate R-Supplementary Return.

NOTE: In the case of exports made under deferred credit arrangement or to joint ventures abroad against equity participation or under rupee credit agreement, the number and date of Reserve Bank approval and/or number and date of the relative A.D. circular should be recorded at the appropriate place on the GR form.

(c) In cases where ECGC initially settles the claims of exporters in respect of exports insured with them and subsequently receives the export proceeds from the buyer/buyer's country through the efforts made by them, the share of exporters in the amount so received is disbursed through the bank which had handled the shipping documents. In such cases, ECGC will issue a certificate to the bank which had handled the relevant shipping documents after full proceeds have been received by them. The certificate will indicate the number of GR / PP form, name of the exporter, name of the authorised dealer, date of negotiation/bill number, invoice value and the amount actually received by ECGC against the relevant GR / PP form. It will be in order for authorised dealers to certify the duplicate GR/PP form on the basis of the certificate issued by ECGC and submit them to Reserve Bank. The certificates issued by ECGC may also be attached to the duplicate GR / PP forms while forwarding them to Reserve Bank.

(d) Where a part of export proceeds are credited to EEFC account (paragraph 6E.1), the GR / PP / SOFTEX duplicate forms may be certified as under:

"Proceeds amounting to ..... representing ..... % of the value of shipment credited to EEFC account maintained by the exporter with....."

(ii) The manner of disposal of PP forms is the same as that for GR forms. Postal authorities will allow export of goods by post only if the original copy of the form has been countersigned by an authorised dealer. PP forms should, therefore, be first presented by exporter to an authorised dealer for countersignature. Authorised dealers will countersign the forms in accordance with regulations explained in paragraph 6C.1 and return the original copy to the exporter, who should submit the form to the post office with the parcel. The duplicate copy of PP form will be retained by the authorised dealer to whom the exporter should submit relevant documents together with an extra copy of invoice for negotiation/collection, within the prescribed period of twenty one days.

(iii) In the case of VP/COD form, only one copy is required to be completed and submitted to post office along with the relative parcel at the time of despatch.

### **Shut out Shipments and Short Shipments**

#### **6B.2**

(i) When part of a shipment covered by a GR form already filed with Customs is short-shipped, exporter must give notice of short shipment to Customs in form and manner prescribed. In case of delay in obtaining certified short shipment notice from Customs, exporter should give an undertaking to the authorised dealer to the effect that he has filed the short-shipment notice with the Customs and that he will furnish it as soon as it is obtained. Authorised dealer should send the short shipment notice along with the GR duplicate to Reserve Bank.

(ii) Where a shipment has been entirely shut out and there is delay in making arrangements to re-ship, exporter will give notice in duplicate to Customs in the manner and in form prescribed for the purpose attaching thereto the unused duplicate copy of GR form and the shipping bill. Customs will verify that the goods were actually shut out, certify copy of the notice as correct and forward it to Reserve Bank together with unused duplicate copy of the GR

form. In this case, the original GR form received earlier from Customs will be cancelled. If the shipment is made subsequently, a fresh set of GR form must be completed.

### **Exports by Air**

#### **6B.3**

In the absence of negotiable shipping documents in case of air consignments, exporters sending goods by air run the risk of losing value of goods, if they are consigned directly to overseas buyer/consignee and not to the overseas branch/correspondent of an authorised dealer, except where they are covered by irrevocable letter of credit opened by buyer for the full value of the goods or payment towards the full value of the goods has been received in advance. Exporters will, therefore, be well advised to consign the goods in such cases to the concerned overseas branch/correspondent of the authorised dealer through whom shipping documents will be forwarded for collection, to enable the latter to instruct the overseas branch/correspondent to arrange for issue of delivery order in favour of buyer on payment or acceptance of bill drawn by the shipper.

### **Consolidation of Air Cargo**

6B.4 Where air cargo is shipped under consolidation, the airline company's Master Airway Bill will be issued to the Consolidating Cargo Agent who will in turn issue his own House Airway Bills (HAWBs) to individual shippers. Authorised dealers will negotiate HAWBs only if the relative letter of credit specifically provides for negotiation of these documents in lieu of Airway Bills issued by airline company. Authorised dealers will, however, accept freely HAWBs where documents are to be sent on collection basis. Exporters wishing to ship air cargoes through consolidators will be well advised to provide in the relative sale contracts with their overseas buyers for payment being made against either HAWBs or the customary Airline Company's Airway Bills. When, however, a letter of credit has been opened, it is the duty of the exporter to ensure that it provides for negotiation of HAWB before forwarding the consignment.

### **Exports by Barges/Country Craft/Road Transport**

#### **6B.5**

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

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

(b) As regards exports by rail, Customs staff have been posted at certain designated railway stations for attending to Customs formalities in respect of goods consigned to Pakistan, Afghanistan or Bangladesh. They will collect the GR forms in respect of goods loaded at these stations so that the goods may move straight on to the foreign country without further formalities at the border. The list of designated Railway Stations is obtainable from Railways. In respect of goods loaded at stations other than the designated stations, exporters must arrange to present GR forms to the Customs Officer at the Border Land Customs Station where Customs formalities are completed.

## **PART C - AUTHORISED DEALERS' OBLIGATIONS**

### **Countersignature on PP forms**

#### **6C.1**

PP Forms will be presented by the exporter to an authorised dealer for countersignature. Authorised dealers should countersign PP forms after ensuring that the parcel is being addressed to their branch or correspondent bank in the country of import. The concerned overseas branch or correspondent should be instructed to deliver the parcel to consignee against payment or acceptance of relative bill. Authorised dealers may, however, countersign PP forms covering parcels addressed direct to the consignees, provided -

(a) an irrevocable letter of credit for the full value of the export has been opened in favour of exporter and has been advised through authorised dealer concerned;

or

(b) the full value of the shipment has been received in advance by the exporter through an authorised dealer;

or

(c) the authorised dealer is satisfied, on the basis of the standing and track record of the exporter and the arrangements made for realisation of the export proceeds, that he could do so.

In such cases, particulars of advance payment/letter of credit/authorised dealer's certification of standing etc. of the exporter should be furnished on the form under proper authentication. Any alteration in the name and address of consignee on the PP form should also be authenticated by the authorised dealer under his stamp and signature.

Exports by Government/Public Sector Undertakings, etc.

#### 6C.1A

As per the procedure laid down by Government of India, export contracts by Central/State Governments, Central & State Public Sector undertakings and autonomous bodies should be made on CIF basis only in respect of transportation of Government owned/controlled cargo by foreign flag vessels (i.e. ocean transportation of cargo). In case of the contracts entered into on terms other than CIF, a 'No Objection Certificate' from the Ministry of Surface Transport (MOST), Government of India is required to be obtained. While negotiating export documents on behalf of aforesaid exporters, authorised dealers should ensure that necessary No Objection Certificate from MOST has been obtained by the concerned exporters in cases of the exports made on terms other than CIF.

#### **Delay in Submission of Shipping Documents by Exporters**

##### 6C.2

In cases where exporters present documents pertaining to exports after the prescribed period of twenty one days from date of export (see paragraph 6B.1), authorised dealers may handle them without prior approval of Reserve Bank, provided they are satisfied that it was due to reasons beyond the control of exporters.

#### **Check-list for Scrutiny of Forms**

##### 6C.3

(i) Authorised dealer should ensure that the number of the duplicate copy of a GR form presented to them is the same as that of the original which is usually recorded on the Bill of Lading and the duplicate has been duly verified and authenticated by appropriate Customs authorities.

(ii) Authorised dealers may accept Bill of Lading/Airway Bill issued on 'freight prepaid' basis where the sale contract is on f.o.b., f.a.s. etc. basis provided the amount of freight has been included in the invoice and the bill. Conversely, in the case of c.i.f., c.&f. etc. contracts where freight is sought to be paid at destination, authorised dealers should ensure that the deduction made is only to the extent of freight declared on GR form or the actual amount of freight indicated on the Bill of Lading/Airway Bill, whichever is less. Likewise, where the marine insurance is taken by the exporters on buyer's account, authorised dealer should verify that the actual amount paid is received from the buyer through invoice and the bill.

(iii) Authorised dealers should ensure that the documents submitted do not reveal any material inter se discrepancies in regard to description of goods exported, export value or country of destination.

#### **NOTES:**

A. The export realisable value may be more than what was originally declared to/accepted by Customs on the GR form in certain circumstances such as where in c.i.f. or c.&f. contracts, part or whole of any freight increase taking

place after the contract was concluded is agreed to be borne by buyers or where as a result of subsequent devaluation of the currency of the contract, buyers have agreed to an increase in price.

B. In certain lines of export trade, final settlement of price may be dependent on the results of quality analysis of samples drawn at the time of shipment; but the results of such analysis will become available only after the shipment has been made. Sometimes, contracts may provide for payment of penalty for late shipment of goods in conformity with trade practice concerning the commodity. In these cases, while exporters declare to Customs the full export value based on the contract price, invoices submitted along with shipping documents for negotiation/collection may reflect a different value arrived at after taking into account the results of analysis of samples or late shipment penalty, as the case may be.

As such variations stem from the terms of contract, authorised dealers may accept them on production of documentary evidence after verifying that the arithmetical calculations showing the variations are correct and are based on the terms of underlying contracts.

### **Transfer of Documents**

6C.4 Authorised dealers may accept from their constituents for negotiation or collection, shipping documents covering exports even where the original declaration on GR forms had been signed by some other party provided the constituent drawing the bill countersigns on the duplicate copy of GR form, the undertaking to deliver to the authorised dealer the foreign exchange proceeds of the shipment within the prescribed period. In case the constituent exporter is one who is placed on exporters' caution list by Reserve Bank, authorised dealer may negotiate the documents provided the shipment is covered by advance remittance or by irrevocable letter of credit where the documents conform strictly to the terms of the letter of credit.

### **Trade Discount**

6C.5

(i) Bills in respect of exports by sea or air which fall short of the value declared on GR forms on account of trade discount may be accepted for negotiation or collection by authorised dealers only if the discount has been declared by exporter on relative GR form at the time of shipment and accepted by Customs.

(ii) In case of exports by post parcel against declaration on PP forms, post offices will not undertake scrutiny of trade discount deductions, if any, declared on the forms. Authorised dealers may accept deductions towards trade discount in such cases, provided the discount declared is in conformity with the normal level of discount usually offered in the particular line of export trade.

### **Advance Payments against Exports**

6C.6

(i) Exporters may receive advance payments (with or without interest) from their overseas buyers provided (a) the shipments are made within one year from the date of receipt of advance payment, (b) the rate of interest payable does not exceed LIBOR + 100 basis points and (c) the shipments made against the advance payments are monitored by the authorised dealer through whom the advance payment is received. The appropriations made against every shipment must be endorsed on the original copy of the inward remittance certificate issued for advance remittance.

(ii) In cases where exporters are unable to make shipments against advance payments received by them for exports, authorised dealers may allow remittances towards refund thereof (partly or fully), provided the unutilised portion of the advance is refunded within a period of one year of its receipt on production of (a) a Chartered Accountant's certificate that the amount is still outstanding in the books of the exporter and has not been adjusted in any manner and (b) a declaration that the advance was not against exports to be made in pursuance of any undertaking given to Import Trade Control authorities in regard to fulfilment of export obligation. If, however, the advance payment was received in fulfilment of export obligation, the refund may be allowed on production of a "No Objection Certificate" from Import Trade Control authorities for refund of the amount. The

inward remittance certificate issued at the time of receipt of advance payment should be called for and cancelled/suitably endorsed.

**NOTE:**

If a portion of advance payment against exports credited to EEFC account is to be refunded, the refund should be allowed by debit to the EEFC account in proportion to the amount originally credited to the account. Where the balance in the EEFC account is insufficient to cover the proportionate amount originally credited to EEFC account, exporters should be advised to arrange replenishment of funds from EEFC accounts maintained with other branches/authorised dealers. Purchase of foreign exchange from the market may be allowed only after utilising balances held in exporter's all EEFC accounts. For this purpose, a suitable declaration may be obtained from the exporter concerned.

(iii) Authorised dealers freely grant pre-shipment advances against 'Red clause' letters of credit in favour of their exporter-constituents. Advances made by the letter of credit opening bank will, however, be treated as advance remittances against exports.

**Part Drawings**

**6C.7**

In certain lines of export trade, it is the practice of exporters not to draw bills for the full invoice value of the goods but to leave a small part undrawn for payment after adjustment due to differences in weight, quality, etc. ascertained after arrival and inspection, weighment or analysis of the goods. In such cases, authorised dealers may negotiate bills, provided -

(a) undrawn balance is in conformity with the normal level of balance left undrawn in the particular line of export trade, subject to a maximum of 10 per cent of the full export value;

and

(b) an undertaking is obtained from exporter that he will surrender/account for the balance proceeds of the shipment within the period prescribed for realisation.

Authorised dealers should obtain the above undertaking from exporter on the duplicate copy of GR / PP form and should vigorously follow up such undertakings.

**NOTE:**

In cases where exporter has not been able to arrange for repatriation of the undrawn balance in spite of best efforts, authorised dealers, on being satisfied with the bona fides of the case, may submit duplicate copies of GR / PP forms to Reserve Bank duly certified for the amount actually realised, provided the exporter has realised at least the value for which the bill was initially drawn (excluding undrawn balances) or 90% of the value declared on GR / PP form, whichever is more and a period of one year has elapsed from the date of shipment.

**Consignment Exports**

**6C.8**

(i) When goods have been exported on consignment basis at the risk of exporter for sale and eventual remittance of sale proceeds to him by the agent/consignee abroad, authorised dealer, while forwarding shipping documents to his overseas branch / correspondent, should instruct the latter to deliver them only against trust receipt/undertaking to deliver sale proceeds by a specified date which should be within the period prescribed for realisation of proceeds of the export. This procedure should be followed even if according to the practice in certain trades, a bill for part of the estimated value is drawn in advance against the exports.

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

**NOTES:**

A. In case of goods exported on consignment basis, freight and marine insurance must be arranged in India.

B. In order to enable Indian exporters to arrange off-the-shelf sales for achieving greater penetration of overseas export markets, some Indian organisations have been permitted by Reserve Bank to establish warehouses for stocking the goods. Considering various stages in the cycle of despatch of merchandise to an overseas warehouse for eventual sale to buyers from different parts, the prescribed period for realisation of proceeds of export consignments to any Indian-owned warehouse established abroad with the permission of Reserve Bank has been fixed at fifteen months from the date of shipment.

C. Reserve Bank will permit, on application, exporters with satisfactory track record a longer period up to twelve months for realisation of export proceeds for exports on consignment basis made to CIS countries and East European countries financed in any permitted currency.

(iii) The Account Sales received from the Agent/Consignee should be verified by the authorised dealer before it is sent to Reserve Bank along with the relative duplicate GR / PP forms. Deductions in Account Sales should be supported by bills/receipts in original except in case of petty items like postage/cable charges, stamp duty etc.

**Despatch of Shipping Documents**

**6C.9** (i) Authorised dealers should despatch shipping documents to their overseas branches/ correspondents as expeditiously as possible. Authorised dealers should ensure, particularly

in case of exports to neighbouring countries, that shipping documents are despatched to their overseas branches / correspondents expeditiously so that documents reach the buyer before the carrying steamer discharges the cargo at the port of destination.

(ii) Authorised dealers may despatch shipping documents direct to the consignees or their

agents resident in the country of final destination of goods in cases where 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 despatch of documents direct to the consignee or his agent resident in the country of final destination of goods.

(iii) In cases not covered by (ii) above also, authorised dealers may accede to

the request of the exporter, for despatch of documents by the authorised dealer, for whatever reason, direct to the consignee/agent provided the exporter is a regular customer of the authorised dealer and the authorised dealer is satisfied, on the basis of standing and track record of the exporter and the arrangements made for realisation of export proceeds, that the request can be acceded to.

**Handing Over Negotiable Copy of Bill of Lading to Master of Vessel/Trade Representative**

**6C.10** Authorised dealers may deliver one negotiable copy of the Bill of Lading to the Master

of the carrying vessel or trade representative, in respect of exports to certain landlocked countries if the shipment is covered by an irrevocable letter of credit and the documents conform strictly to the terms of the Letter of Credit which, inter alia, provides for such delivery.

### **Export Bills Register**

**6C.11** (i) Authorised dealers should provide columns in their Export Bills Register for recording GR/PP form number, due date of payment, the fortnightly period of R

Supplementary Return with which ENC statement covering the transaction was sent to Reserve Bank and the period of R Supplementary Return with which the duplicate copy of [GR](#) / [PP](#) form is submitted to Reserve Bank. These entries will enable authorised dealers to watch closely realisation of bills and also to ensure that they have reported all transactions to Reserve Bank.

(ii) Authorised dealers should ensure that all types of export transactions are entered in the Bills Register and are given bill numbers on calendar year basis (i.e. January to December). The bill numbers should be recorded in ENC statement and other relevant returns submitted to Reserve Bank.

(iii) While handling documents against exports, authorised dealers should record against relative entry in Bills Register, the amount of commission and/or discount declared by exporters on [GR](#) / [PP](#) forms to facilitate reference while dealing with applications for remittance/deduction from the invoice on account of commission/discount.

### **Follow-up of Overdue Bills**

**6C.12** (i) Authorised dealers should closely watch realisation of bills through Bills Register and, in cases where bills remain outstanding beyond the due date for payment, they should take

up the matter promptly with exporter concerned. If exporter fails to arrange for delivery of the proceeds on the due date, the matter should be reported to Reserve Bank by letter stating, where possible, the reason for the delay in realisation of proceeds of the exports unless exporter has sought permission for extension of time (see [paragraph 6C.16](#)). The duplicate copies of [GR](#) / [PP](#) forms should, however, continue to be held by authorised dealer until full proceeds are realised except in case of undrawn balances covered by Note under [paragraph 6C.7](#). Authorised dealers should follow up export outstandings with exporters systematically and vigorously so that action against defaulting exporters does not get delayed. Any laxity noticed in the follow up of realisation of export proceeds by authorised dealers will be viewed seriously by Reserve Bank leading to the invocation of the provision in FERA 1973, authorising it to impose penalty on an authorised dealer.

(ii) Authorised dealers should furnish to Reserve Bank half-yearly a consolidated statement in [form XOS](#) giving details of all export bills outstanding beyond the period prescribed for realisation as at the end of June and December every year. The statement should be submitted in triplicate within fifteen days from the close of the relative half-year.

**Reduction in Invoice Value on account of  
Pre-payment of Usance Bills**

**6C.13A** Occasionally, exporters may approach Authorised dealers for reduction in invoice value on account of cash discount to overseas buyers for pre-payment of usance bills. In such cases authorised dealers may agree to the exporter granting cash discount to the overseas buyer to the extent of amount of proportionate interest on the unexpired period of usance calculated at the rate of interest stipulated in the export contract or at the prime rate of the currency of invoice where rate of interest is not stipulated in the contract.

**Reduction in Value**

**6C.13B** If after a bill has been negotiated or sent for collection, the amount thereof is desired to be reduced for any reason, authorised dealer may approve such reduction, on submission of an application by a letter with full particulars of shipment, an attested copy of invoice and documentary evidence in support of the reduction sought for, provided:

- (a) the reduction does not exceed 10% of invoice value
  
- (b) it does not relate to an export of
  - (i) gold or silver jewellery or articles made out of cut and polished diamonds,
  
  - (ii) commodities or subject to floor price stipulations, and
  
  - (iii) the exporter is not on the exporters' caution list of Reserve Bank.



- (c) the exporter should be advised to surrender proportionate export incentives availed of, if any.

In the case of exporters who have been in the export business for more than

three years, reduction in invoice value may be allowed, without any percentage ceiling, subject to the above conditions as also subject to their track record being satisfactory i.e. the export outstandings do not exceed 5% of the average annual export realisations during the preceding three calendar years. For this purpose, the exporters' declaration, duly certified by his auditor or by a Chartered Accountant, indicating the total export realisations during each of the preceding three calendar years and the export bills outstanding beyond the prescribed period for realisation of export proceeds and average outstandings in absolute and percentage terms would be required to be furnished. For the purpose of reckoning the percentage of outstanding export bills to average export realisations during the preceding three calendar years, outstanding export bills in respect of exports made to countries facing externalisation problems may be ignored provided the payments have been made by the buyers in the local currency. Authorised dealers should obtain the above declaration duly certified, as on January and July every year.

### **Write off of unrealised Export Bills**

**6C.14** (i) In cases where the exporter has not been able to realise the outstanding

export dues despite his best efforts, he may approach the authorised dealer, who had

handled the relevant shipping documents, with appropriate supporting documentary evidence with a request for write off of the unrealised portion. Authorised dealers may accede to such requests (the branch concerned should obtain the approval of its controlling office) subject to the undernoted conditions:

- (a) The relevant amount has remained outstanding for 360 days or more.
- (b) The aggregate amount of write off allowed by the branch of the authorised dealer during a calendar year should not exceed 5% of the total export proceeds realised by the concerned exporter through its medium during the previous calendar year.
- (c) Satisfactory documentary evidence has been furnished in support of the exporter having made all efforts to realise the dues but has been unsuccessful due to reasons beyond his control.
- (d) The case falls under any of the undernoted categories:
  - (i) The overseas buyer has been declared insolvent and a certificate from the official liquidator indicating that there is no possibility of recovery of export proceeds has been produced. (Names, addresses and other relevant particulars of the overseas

buyers who have been declared insolvent may be intimated to ECGC for updating their files on buyers).

- (ii) The overseas buyer has not been traceable over a reasonably long period of time and suitable supporting documentary evidence to that effect has been produced. (His name, original address and other relevant particulars may be reported to ECGC, for updating their files).
  - (iii) The goods exported have been auctioned or destroyed by the Port/Customs/Health authorities in the importing country and a certificate issued by the said authorities or the Indian Mission or Chamber of Commerce in the country of destination indicating that the goods have been auctioned or destroyed has been produced.
  - (iv) The unrealised amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organisation.
  - (v) The unrealised amount represents the undrawn balance of an export bill (not exceeding 10 per cent of the invoice value) and has remained outstanding and turned out to be unrealisable despite all efforts made by the exporter. The authorised dealer should take into consideration the track record of the exporter, documentary evidence/correspondence showing that there is no possibility of recovery of the undrawn balance, frequency of similar cases considered in the past and the antecedents of the overseas buyer, if available, before allowing the closure.
  - (vi) The cost of resorting to legal action would be disproportionate to the unrealised amount of the export bill or where the exporter even after winning the Court case against the overseas buyer could not execute the Court decree due to reasons beyond his control and sufficient documentary evidence is produced to fully satisfy the authorised dealer.
  - (vii) Bills were drawn for the difference between the letter of credit value and actual export value or between the provisional and the actual freight charges but the amount has remained unrealised consequent on dishonour of the bills by the overseas buyer and documentary evidence is produced to show that there are no prospects of realisation.
- (e) The case is not the subject matter of any civil or criminal suit which is pending.
- (f) The exporter has not come to the adverse notice of the Enforcement Directorate or the

Central Bureau of Investigation or such other law enforcement agency.

- (g) The exporter has surrendered proportionate export incentives, if any, availed in respect of the relative shipments.

- (ii) The documentary evidence received by the authorised dealer should be kept

for a period of two years or till their verification by the Reserve Bank's Inspectors, whichever is earlier. A half yearly statement, as on June 30 and December 31, showing particulars of export bills allowed to be written off should be furnished to Reserve Bank in form EBW. The statement should be submitted within fifteen days from the close of the relative half year. Where there is no further amount to be realised against the [GR](#) / [PP](#) form covered by the write off, authorised dealer should submit the duplicate thereof to Reserve Bank along with 'R' return, duly certified, as under:

Write off of .....

(Amount in words and figures)

permitted in terms of [paragraph 6C.14](#) of Exchange Control Manual.

Date

Stamp & Signature of

Authorised Dealer

### **Change of Buyer/Consignee**

**6C.15** Prior approval of Reserve Bank is not required if, after goods have been shipped, they are to be transferred to a buyer other than the original buyer in the event of default

by the latter, provided the reduction in value, if any, involved does not exceed 10% and the realisation of export proceeds is not delayed beyond the period of six months from the date of shipment. Where the reduction in value exceeds 10%, the conditions stipulated in [paragraph 6C.13](#) should also be satisfied.

### **Extension of Time Limit**

**6C.16** In cases where an exporter has not been able to realise proceeds of a shipment made by him within the period prescribed (i.e the due date for payment which has to

fall within six months from the date of shipment, vide Rule 8 of Foreign Exchange Regulation Rules, 1974) for reasons beyond his control, but expects to be able to realise proceeds if extension of the period is allowed to him, necessary application (in duplicate) for the purpose should be made to Reserve Bank in [form ETX](#) together with appropriate documentary evidence. Extension will not ordinarily be granted unless Reserve Bank is satisfied that the exporter is in no way directly or indirectly responsible for the delay in realisation of proceeds and that by grant of a short extension the exporter will be able to realise proceeds.

### **Shipments Lost in Transit**

**6C.17** When shipments from India for which payment has not already been received either by negotiation of bills under letters of credit or otherwise are lost in transit, authorised dealer

must see that insurance claim is made as soon as loss is known. The duplicate copy of [GR](#) / [PP](#) form should be forwarded to Reserve Bank with following particulars regarding insurance:

- (a) Amount for which shipment was insured.
- (b) Name and address of insurance company
- (c) Place where claim is payable.

In cases where claim is payable abroad, authorised dealer must arrange to collect

the full amount of claim due on the lost shipment, through the medium of his overseas branch/correspondent and forward the duplicate copy of GR/PP form to Reserve Bank only after the amount has been collected. A certificate for the amount of claim received should be furnished on the reverse of the duplicate copy.

NOTE: *Sometimes claims on shipments lost in transit are also partially settled directly by shipping companies/airlines under carriers' liability. Authorised dealers should ensure that amounts of such claims if settled abroad are also repatriated to India by exporters.*

### **Payment of Claims by ECGC**

**6C.18** Where export has been covered by a policy issued by ECGC, settlement of a claim by the

Corporation does not absolve the exporter of the obligation to Exchange Control undertaken

on the [GR](#) / [PP](#) form to realise proceeds of the export within prescribed period. In such cases, exporter should, in consultation with ECGC, take all necessary steps for realising the proceeds. Authorised dealers should also continue to hold the duplicate copies of [GR](#) / [PP](#) forms in their custody and initiate follow-up measures in the normal manner.

## **Return of Documents to Exporters**

**6C.19** The duplicate copies of [GR](#) / [PP](#) forms and shipping documents, once submitted to authorised dealers for negotiation, collection, etc, should not ordinarily be returned to exporters, except for rectification of errors and resubmission.

## **Exporters' Caution List**

**6C.20** (i) In terms of Section 18(9) of FERA 1973, Reserve Bank may subject exports of certain exporters who have come to its adverse notice in regard to realisation

of export value, to the conditions stipulated in clauses (b) and (d) thereof, in order to ensure that the full export value of further exports to be made by them will be realised in proper time or without delay as required under the law. In such cases, Reserve Bank will issue caution-listing order directing that the exporter should submit [GR](#) / [PP](#) form through an authorised dealer to Reserve Bank for its prior approval, supported by documentary evidence to show that the exporter has received advance payment or an irrevocable letter of credit in his favour covering the full value of goods to be exported. Copies of the caution-listing order will be furnished, among others, to all Customs authorities in India, for the purpose of ensuring that the conditions of the order are fulfilled. Authorised dealers will also be advised whenever exporters are caution-listed. Authorised dealers should not accept for negotiation/collection shipping documents covering exports declared on [GR](#) forms completed by such exporters nor countersign [PP](#) forms completed by them unless the [GR](#) / [PP](#) forms bear approval of Reserve Bank. If a caution-listed exporter presents documents to an authorised dealer together with the [GR form](#) which does not bear the approval of Reserve Bank, authorised dealer should withhold the documents and not handle them in any manner without prior approval of Reserve Bank.

(ii) Ordinarily, Reserve Bank will include in the caution-listing order, not only

the names of the exporters (including proprietor/partners in case of firms) but also their associate concerns. If authorised dealers come to know of other associate firms of a caution-listed exporter who are in the export field, they should bring the matter to the notice of Reserve Bank promptly.

(iii) When firms and companies included in the caution-list are removed from

the list by Reserve Bank, the relative de-caution-listing order will also be forwarded to Customs authorities and authorised dealers will also be advised. Shipping documents etc. submitted by de-caution-listed exporters may be dealt with by authorised dealers according to normal regulations.

## **PART D - EXPORT OF COMPUTER SOFTWARE**

## **Declaration of Software Exports**

**6D.1** Export of software is undertaken in physical form i.e. software prepared on magnetic tapes and paper media as well as in non-physical form i.e. direct transmission abroad through

dedicated earth stations/satellite links. As far as export of software in physical form is concerned the procedure relating to declaration of shipments on [GR](#) / [PP](#) forms, handling of export documents by authorised dealers and other allied matters is the same as applicable to export of other goods. Export of software, in non-physical form including Video/TV software and all other types of software products/packages, should be declared on [SOFTEX form](#). Each set of [SOFTEX](#) forms comprises three copies marked Original, Duplicate and Triplicate which carry an identical pre-printed serial number. All the three forms in each set should be completed and the entire set submitted for the purpose of valuation together with relevant documents to the officials of Department of Electronics (DOE), Government of India.

### **6D.2 Valuation of Software Exports/Certification of [SOFTEX form](#)**

The valuation of exports declared on [SOFTEX form](#) will be done by the designated official/s of the Department of Electronics (DOE) at the Software Technology Parks of India (STPI). The [SOFTEX Form](#) of exporters located outside STPI as also forms in respect of export of video/TV software will also be certified by designated official/s at the nearest STPI. DOE have made necessary arrangement for certification/valuation of the Video/TV software declared on [SOFTEX form](#) with the Ministry of Information and Broadcasting, Government of India, once in a week at the STPI. The valuation of exports declared on [SOFTEX Form](#) by Units located in Export Processing Zones will be done by the designated authority of the Export Processing Zone.

### **6D.3 Disposal of [SOFTEX forms](#)**

(i) After certifying all the three copies of the [SOFTEX form](#), the designated officials of Government of India at STPI and designated authorities of Export Processing Zones will forward the original directly to the nearest office of the Exchange Control Department of Reserve Bank the day it is received or the next day and return the duplicate to the exporter. The triplicate will be retained by the Department of Electronics for their record.

(ii) Within 21 days from the date of certification of the [SOFTEX form](#), the exporter should submit the duplicate copy together with a copy of each of the supporting documents to the authorised dealer for negotiation/collection. The duplicate copy of the form together with documents will be retained by the authorised dealer till full export value declared on the form or as certified by the designated officials at STPI, whichever is higher has been realised and repatriated to India and thereafter will be submitted to the Reserve Bank duly certified under cover of an appropriate R Return along with a copy/ies of invoice/s.

(iii) After the documents have been negotiated/sent for collection, authorised dealers should report the transaction to Reserve Bank in a fortnightly statement in form ENC under the cover of appropriate R Return. Entries in the ENC statement should be made in chronological order of the transactions as recorded in the internal register (Export Bills Register) of the authorised dealer.

### **6D.4 Terms of payment - Invoicing**

(i) In respect of long duration contracts involving series of transmissions, the exporter should bill their overseas clients periodically, i.e. at least once a month, or on reaching the "milestone" as provided in the contract entered into with the overseas client and the last invoice/bill should be raised not later than 15 days from the date of completion of the contract. It would be in order for the exporters to submit a combined [SOFTEX form](#) for all the invoices raised on a particular overseas client, including advance remittances received in a month.

(ii) In respect of contracts involving only 'one shot operation', the invoice/bill should be raised within 15 days from the date of transmission.

(iii) The exporter should submit [SOFTEX form](#) to the concerned official of Government of India at STPI for valuation/certification not later than 30 days from the date of invoice/the date of last invoice raised in a month, as indicated above.

(iv) The invoices raised on overseas clients as at (i) to (iii) above will be subject to valuation of export value declared on [SOFTEX form](#) by the designated official of Government of India (cf. paragraph 6D.2 above) and consequent amendment made in the invoice value, if necessary.

### **6D.5 Time limit for realisation of export value**

The full value of the software exported as declared on the [SOFTEX form](#) or as certified by the official of Government of India at STPI, whichever is higher should be repatriated to India on due date of payment or within 180 days from the date of invoice, whichever is earlier in the manner prescribed in Rule 9 of the Foreign Exchange Regulation Rules, 1974.

## **PART E - REMITTANCES CONNECTED WITH EXPORTS**

### **General**

**6E.1** Exporters are permitted to retain up to 50% (70% in the case of 100% EOUs/Units located in EPZ/Software Technology Parks/Electronic Hardware Technology Parks) of the receipts from

export of goods in a foreign currency account with an authorised dealer in India titled 'Exchange Earners' Foreign Currency (EEFC) account' (opened in terms of provisions contained in [Chapter 14](#)). The account may be maintained in any permitted currency and in any form [current, savings (without cheque facility) or term deposit account]. The balances in these accounts may be utilised for all bona fide payments of the account holder for purposes listed in [Annexure I](#) to Chapter 14 subject to the production, to the authorised dealer, of the necessary documentary evidence in support of the amount to be remitted (See [paragraph 14D.4](#)). Exporters maintaining foreign currency accounts in terms of [paragraph 6A.12](#) are not allowed to maintain EEFC accounts.

NOTE: *Release of exchange towards charges for advertisements on overseas TV media, by debit to the EEFC Account, will be subject to the following conditions/documentation:*

- (a) *An application in [form ADV](#) giving brief description of advertisement against item 5 of the form.*
- (b) *Exporter's declaration at the end of [form ADV](#) to the effect that the advertisement is aimed at promoting their exports.*
- (c) *Bill/Invoice from the overseas TV company as also their confirmation that the advertisement has already been telecast on their media, is produced.*
- (d) *The amount of agency commission, if any, due to the Indian agent of overseas beneficiary should be deducted before allowing the remittance.*
- (e) *No advance remittance should be allowed.*

- (f) *Production of Undertaking/certificate regarding payment of Income-tax (cf. [Paragraph 3B.10](#)).*

### **Agency Commission on Exports**

**6E.2** (i) Authorised dealers may allow payment of commission, either by remittance or by

deduction from invoice value, on application submitted by the exporter. The application,

by letter, should give particulars such as Importer-Exporter code number, customs/shipping bill number and date, name of commodity, name and address of buyer/agent and export value and should be supported by an attested copy of invoice and documentary evidence in support of the amount to be remitted. The remittance may be allowed subject to the following conditions:

- (a) (a) Amount of commission has been declared on [GR / PP / SOFTEX](#) form and accepted by Custom authorities or Department of Electronics, Government of India as the case may be. In cases where the commission has not been declared on [GR / PP / SOFTEX](#) form, remittance thereof may be allowed after satisfying about the reasons adduced by the exporter for not declaring commission on Export Declaration Form, provided a valid agreement/written understanding between the exporter and/or agent/beneficiary for payment of commission subsists.
- (b) Rate of commission does not exceed 12.5% of invoice value.
- (c) Commission sought to be remitted is not on export of a canalised item, project exports, or exports financed under lines of credit extended by Government of India or Exim Bank, or exports made by Indian partners towards equity participation in an overseas joint venture/wholly owned subsidiary.
- (d) The relative shipment has already been made.

(ii) Authorised dealers may allow payment of commission by Indian exporters, in

respect of their exports covered under counter trade arrangement through Escrow Accounts designated in U.S. dollar, subject to the following conditions:-

- (a) The payment of commission satisfies the conditions as at (a) to (d) stipulated in [paragraph 6E.2\(i\)](#) above.



- (b) The commission is **not** payable to Escrow Account holders themselves.
  
- (c) The commission **should not** be allowed by deduction from the invoice value.

### **Overprice**

**6E.3** Overprice arrangements by exporters are prohibited and no remittance towards overprice on exports will be permitted by Reserve Bank. Cases having exceptional features may be referred to Reserve Bank explaining why the exporter is unable to remunerate overseas intermediary by payment of agency commission instead of overprice.

### **Export Claims**

**6E.4** Authorised dealers are permitted to remit export claims, by exporters, on application by letter containing particulars such as Importer-Exporter code number, [GR](#) / [PP](#) form number, date of shipment, name of commodity, invoice value, name and address of claimant, nature and amount of claim as also documentary evidence in support of the claim, provided-

- (a) the amount does not exceed 15% of invoice value;
- and
- (b) the relative export proceeds have already been realised and repatriated to India.

In case of exporters who have been in the export business for more than three years, remittances may be allowed without any percentage ceiling, provided-

- (a) the exporter is not on the Exporters' caution list of Reserve Bank;
- and

- (b) his track record is satisfactory (cf. [para 6C.13](#))

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

### **Other remittances**

**6E.5** Authorised dealers may effect, on behalf of their exporter constituents, remittances connected with exports like controlling charges, expenses incurred on dishonoured/unaccepted export bills, legal expenses related to trade disputes, testing charges etc. provided adequate supporting documents are submitted by the applicants.

### **Refund of Export Proceeds**

**6E.6** Refund of export proceeds in respect of goods exported from India may be allowed by authorised dealers through whom the proceeds were originally received, provided such goods are reimported into India on account of poor quality, etc. and provided satisfactory documentary evidence regarding reimport of goods into India viz., Exchange Control Copy of Bill of Entry, or postal wrappers and reasons for re-export of the goods by the foreign buyer are produced. In all such cases exporters should be advised to surrender the proportionate incentives availed of, if any, against the relevant export.

## **PART F - DESPATCH OF GOODS NOT INVOLVING FOREIGN EXCHANGE (WAIVER OF GR/PP FORM PROCEDURE)**

### **Gift Parcels**

**6F.1** (i) In terms of Government of India [Notifications No. F1/67/EC/73-1](#) and [No. F1/67/EC/ 73-2](#) both dated 1st January 1974 (as amended), the requirement of declaration on [GR / PP](#) form is not applicable to exports by air-freight and post parcel which are covered by certificates issued by authorised dealers confirming that the exports do not involve any transaction in foreign exchange. Authorised dealers may issue to their regular constituents, on application, certificates stating that the export does not involve any transaction in foreign exchange, to enable them to send out gift parcels, publicity materials, etc. provided, inter alia, the following conditions are fulfilled:

- (a) Export is made by post parcel or air-freight
- (b) Authorised dealer is satisfied that the export does not involve any transaction in foreign exchange
- and
- (c) The value of the shipment does not exceed Rs.25,000.

The certificate issued by the authorised dealer should also carry a notation to the effect that the value of the shipment shall be subject to acceptance by Customs.

(ii) Authorised dealers may also issue such certificates to their constituents to enable them to send samples for testing ([paragraph 6E.5](#)) and defective goods for repairs ([paragraph 6F.2](#)). They should follow-up these cases to ensure reimport of the samples after testing (or submission of a destruction certificate from the overseas laboratory in case the sample is destroyed during the tests)/reimport of the goods after repairs.

### **Export of Defective Goods for Replacement or Repairs and Return**

**6F.2** Authorised dealers may permit remittances towards repair charges of goods sent abroad for repair/replacement, subject to verification of suitable documentary evidence and reimport of goods into India after repairs.

#### **Export of Replacement Goods**

**6F.3** In terms of [Notification No.FERA.179/97-RB](#) dated 18th October 1997 issued by Reserve Bank, general permission has been granted to exporters resident in India to export replacement goods free of charge, strictly in accordance with the provisions of paragraph 11.9 - Chapter 11 of the Exim Policy (April 1997 - March 2002) without furnishing a declaration in the prescribed form to the prescribed authority.

## **PART G - EXPORT OF JEWELLERY, INDIAN CURRENCY, FOREIGN EXCHANGE, SECURITIES, ETC.**

#### **Export of Jewellery, etc.**

**6G.1** Taking out of India personal jewellery by travellers is regulated under the Baggage Rules framed by the Ministry of Commerce under the Export-Import Policy.

#### **Export of Indian Currency**

**6G.2** (i) Section 13(2) of FERA 1973 prohibits the taking or sending out of India, Indian currency notes and coins without general or special permission of Reserve Bank. The

following general permissions have been granted by Reserve Bank, through its Notifications, for **taking out** Indian currency notes and coins.

To Nepal	Indian currency notes of denominations up to Rs.100 and Indian coins by any person without limit.
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To countries other than Nepal	Indian currency notes and coins not exceeding Rs.1000 per person by any resident Indian proceeding abroad on a temporary visit.
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(ii) Reserve Bank has also granted general permission to any person vide its

[Notification No. FERA.156/93-RB](#) dated 4th November 1993 to take or send out of India currency in the form of commemorative coins up to two coins each of Rs.50 and Rs.10 denomination.

(iii) Indian currency exported or attempted to be exported except within the terms of the general or special permission granted by Reserve Bank is liable to be confiscated and offenders are also liable to punishment.

### **Export of Foreign Exchange**

**6G.3** (i) Export of foreign exchange in any form including currency notes or bank notes,

other than foreign exchange obtained from an authorised dealer or authorised money-

changer by the person exporting, is prohibited unless it is covered by a general or special permission of Reserve Bank. In terms of Reserve Bank [Notification No.FERA 80/89-RB](#) dated 9th August 1989 general permission has been granted to persons in or resident in India to take out of India foreign currency or currencies equivalent to U.S.\$2000 held by them for personal purposes (see Note D to [paragraph 3E.1](#)).

(ii) A person in India but not resident therein will be permitted by Customs to take out his unspent foreign currency provided (i) the amount being taken out does not exceed the amount that he had declared to the Customs authorities, in form CDF, on arrival in India, **or** (ii) the amount being taken out of India in foreign exchange is less than the amount specified by the Reserve Bank from time to time for which a declaration in [form CDF](#) is required to be made at the time of arrival in India to the Customs authorities.

(iii) Authorised dealers may sell foreign currency notes and coins to travellers

proceeding abroad only in conformity with the provisions of [Chapter 3](#) of the Manual. Foreign currency notes/coins thus acquired will be allowed by Customs to be taken out of India on the strength of the relative endorsement made by an authorised dealer in the traveller's passport.

### **Export of cheques, etc. by Authorised Dealers and Others**

**6G.4** General permission has been granted by Reserve Bank under its [Notification No.](#)

[FERA.36/76-RB](#) dated 10th May 1976 (as amended) to:

- (a) authorised dealers to send out of India foreign currency in the form of currency notes, coins, cheques, drafts or bills of exchange acquired by them in the normal course of their business and within the terms of their authorisation, and
- (b) foreign citizens in or resident in India, but not permanently resident therein as also resident Indians maintaining foreign currency accounts abroad in pursuance of [Notification No. FERA.116/92-RB](#) dated 7th September 1992, to take or send out of India cheques drawn on their foreign currency accounts.

## Export of Securities

**6G.5** Export of securities to any place outside India requires permission of Reserve Bank. Persons in India who are holders of foreign securities and wish to send the securities to banks or agents

abroad for purposes of sale, transfer, etc. should apply to Reserve Bank through an authorised dealer for the necessary export permit. Permission for export of foreign securities will be granted, provided the authorised dealer gives an undertaking in the case of sale that the foreign currency proceeds of the securities sold will be repatriated to India and in the case of transfer that the securities after transfer will be received back in India within a reasonable period. In regard to rupee securities held by non-residents, general permission for export of the share/debenture certificates is granted by Reserve Bank at the time of granting approval for the non-resident investment.

- NOTES:
- A. *These restrictions do not apply to export of securities outside India by a person who has returned to India after a continuous stay of not less than one year abroad in respect of securities acquired or held in pursuance of Reserve Bank [Notification No. FERA. 118/92-RB](#) dated 7th September 1992.*
  
  - B. *Unit Trust of India has been granted general permission by Reserve Bank to export certificates covering units purchased by non-resident investors from out of foreign exchange remittances in India or from their non-resident accounts in India.*
  
  - C. *Regulations governing export of life insurance policies are given in Memorandum LIM.*