Export Import Policy

Trade – Transaction Banking Group

Version 2
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IndusInd Bank Ltd.
Corporate Office
Mumbai

Policy

A. Introduction:

This Policy sets out the framework for facilitating eligible export, import, MTT & Factoring transactions in accordance with FEMA 23(R), applicable RBI directions, and other relevant regulatory requirements. The Bank may utilise approved payment systems, technological infrastructure, and distribution channels to ensure the secure, efficient, and compliant processing of cross-border trade and remittance transactions. All such transactions shall be undertaken in compliance with applicable foreign exchange regulations, customer due diligence requirements, risk management standards, and internal controls established by the Bank.

B. Scope

This Policy shall apply to all business units, operations units, processing centres, support functions and employees involved in the origination, processing, approval, settlement, monitoring, reporting and administration of import and Export related foreign exchange transactions undertaken through the Bank.

The Policy covers, inter alia:

- Export of goods, services and software.
- Import of goods and services.
- Export and import advances.
- Merchanting Trade Transactions (MTTs).
- Export and import factoring transactions.
- Project exports.
- International Trade Settlement in Indian Rupees (INR).
- Third-party receipts and payments.
- Set-off arrangements.
- Export and import realisation, repatriation, regularisation and write-offs.
- Export claims, agency commission remittances and other trade-related remittances connected with underlying export or import transactions.
- EDPMS, IDPMS, FETERS and other regulatory reporting requirements.
- Exceptional, overdue and non-standard trade transactions.

The Policy shall also apply to ancillary transactions relating to project exports, deemed exports, warehouse exports, consignment exports, exports on lease or hire basis and other trade transactions permissible under the applicable regulatory framework.

Export Credit transactions, Capital account transactions, transactions under the Liberalised Remittance Scheme (LRS), Rupee Drawing Arrangement (RDA), Authorised Dealer Category-II (AD-II) business and other non-trade remittance transactions are outside the scope of this Policy and shall be governed by the applicable regulatory framework and relevant internal policies of the Bank.

C. Objectives

The objectives of this Policy are to:

- Establish a comprehensive and consistent framework for the conduct of trade-related foreign exchange transactions across the Bank.
- Ensure compliance with FEMA, RBI regulations and directions, the Foreign Trade Policy and other applicable laws and regulatory requirements.
- Facilitate genuine export, import and other trade transactions through efficient, transparent and customer-centric processes.
- Promote a risk-based approach to customer due diligence, transaction assessment, monitoring and approval.
- Strengthen governance, oversight, internal controls and accountability relating to trade transactions.
- Ensure timely and accurate regulatory reporting, monitoring and reconciliation through EDPMS, IDPMS, FETERS and other regulatory systems.
- Mitigate risks relating to money laundering, terrorist financing, sanctions, fraud and Trade-Based Money Laundering (TBML).
- Provide a standardized framework for handling exceptions, delays, regularisations, write-offs and other non-standard trade situations.
- Support the evolving trade finance and international business requirements of customers while maintaining appropriate regulatory and risk management safeguards.
- Promote operational efficiency, digital processing and consistency in transaction handling across the Bank.

This Policy shall be implemented in a manner that balances customer facilitation, regulatory compliance, risk management and operational effectiveness, while supporting the Bank's strategic objective of providing comprehensive trade finance and trade-related foreign exchange services to its customers.

D. Policy

1. Background

IndusInd Bank Limited ("IBL" or "the Bank") facilitates a wide range of cross-border trade transactions, including exports of goods, services and software, import transactions, project exports, merchanting trade transactions and other trade-related foreign exchange activities undertaken by its customers. These transactions are governed by the Foreign Exchange Management Act, 1999 ("FEMA"), rules, regulations, directions and circulars issued by the Reserve Bank of India ("RBI"), the Foreign Trade Policy ("FTP"), and other applicable regulatory and legal frameworks.

The regulatory framework governing export and import transactions has evolved significantly over time in response to changing international trade practices, digitalisation of cross-border commerce, increasing adoption of electronic reporting systems and the need for enhanced compliance and risk

management standards. In this regard, the Reserve Bank of India has notified the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 [FEMA 23(R)/2026-RB], which provides a consolidated framework governing export and import transactions undertaken by Authorised Dealer Category-I Banks and their constituents.

The revised regulatory framework aims to streamline and modernise the conduct of cross-border trade transactions by rationalising regulatory requirements, strengthening risk-based compliance mechanisms, enhancing operational flexibility for Authorised Dealer Banks and enabling greater ease of doing business while maintaining regulatory oversight. The framework also reinforces reporting, monitoring and reconciliation requirements through systems such as the Export Data Processing and Monitoring System (EDPMS), Import Data Processing and Monitoring System (IDPMS) and other regulatory reporting platforms.

Considering the increasing volume, complexity and diversity of international trade transactions, including digital and service exports, e-commerce transactions, cross-border payment arrangements, export advances, factoring arrangements, project exports, merchanting trade transactions and alternative settlement mechanisms, it is necessary for the Bank to establish a comprehensive and consistent governance framework for handling such transactions.

Accordingly, this Policy has been formulated to:

- Establish a uniform framework for processing and monitoring trade-related foreign exchange transactions.
- Ensure compliance with FEMA, RBI regulations, directions and other applicable laws and regulatory requirements.
- Promote consistent interpretation and application of regulatory guidelines across the Bank.
- Strengthen governance, risk management and internal control standards relating to trade finance activities.
- Support effective monitoring, reporting and regulatory compliance obligations.
- Facilitate genuine trade transactions while maintaining appropriate safeguards relating to AML/CFT, sanctions, fraud risk management and regulatory compliance.
- Enhance operational efficiency and customer service through standardized processes and governance practices.

2. Purpose and Regulatory Basis

The Policy is intended to ensure that all export, import and related international trade transactions are processed in compliance with applicable provisions of FEMA, RBI regulations and directions, the Foreign Trade Policy, and the Bank's internal risk management and compliance framework, while facilitating genuine trade transactions and supporting ease of doing business.

This Policy provides the framework for processing, monitoring, reporting, regularisation and closure of the following transactions:

- Export of Goods, Services and Software- Transactions involving export of goods, services and software from India, including declaration, receipt of export proceeds, realization, repatriation, monitoring, regularization and closure in accordance with applicable regulatory requirements.
- Import of Goods and Services- Transactions involving import of goods and services into India, including advance remittances, import payments, settlement, monitoring and compliance with foreign exchange and trade regulations.
- Export and Import Advances- Advance receipts against exports and advance remittances against imports, including monitoring of underlying trade obligations, fulfilment timelines and regulatory reporting requirements.

- Export and Import Factoring Transactions- Transactions involving assignment, purchase or financing of export and import receivables through factoring arrangements, including domestic and cross-border factoring structures permitted under the applicable regulatory framework.
- Merchanting Trade Transactions (MTTs)- Transactions involving purchase of goods from a supplier resident outside India and subsequent sale to a buyer resident outside India without the goods entering India, including settlement, routing and compliance requirements prescribed by RBI.
- Project Exports- Export transactions relating to turnkey projects, engineering contracts, civil construction contracts, consultancy assignments and other project-based exports undertaken outside India.
- International Trade Settlement in Indian Rupees (INR)- Export and import transactions denominated, invoiced and settled in Indian Rupees through RBI-permitted arrangements, including transactions routed through Special Rupee Vostro Accounts (SRVAs).
- Third-Party Receipts and Payments- Export and import transactions where funds are received from or remitted to a party other than the underlying overseas buyer or supplier, subject to regulatory and due diligence requirements.
- Set-Off Arrangements- Transactions involving adjustment of export receivables against import payables, or vice versa, under arrangements permitted by FEMA, RBI regulations and the Bank's internal policies.
- Export and Import Realisation, Repatriation, Write-Off and Regularisation- Monitoring and management of export receivables and import obligations, including realization, repatriation, extension, reduction, write-off, settlement and other regulatory regularization mechanisms.
- EDPMS, IDPMS, FETERS and Other Regulatory Reporting Requirements- Reporting, monitoring, reconciliation, updating and closure of trade transactions in regulatory reporting systems and maintenance of records required under applicable regulations.
- Exceptional, Overdue and Other Non-Standard Trade Transactions- Transactions involving delays, deviations, disputes, overdue receivables, outstanding obligations, regulatory exceptions or other circumstances requiring enhanced review, monitoring, approval or regularization.

The Policy further establishes a consistent Bank-wide framework for undertaking customer due diligence, transaction assessment, regulatory reporting, risk monitoring and internal governance in relation to trade finance and cross-border trade transactions.

3. Regulatory Framework

This Policy shall be read in conjunction with, and shall be subject to, the provisions of the following laws, regulations, directions, guidelines and internal policies, as amended from time to time:

1. Foreign Exchange Management Act, 1999 (FEMA).
2. Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 [FEMA 23(R)/2026-RB].
3. Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023.
4. Foreign Exchange Management (Current Account Transactions) Rules, 2000.
5. Foreign Trade Policy (FTP) and Handbook of Procedures (HBP) issued by the Directorate General of Foreign Trade (DGFT).
6. Reserve Bank of India (RBI) Directions, Master Directions, Circulars, Operational Instructions and Frequently Asked Questions issued from time to time relating to export and import transactions.
7. EDPMS (Export Data Processing and Monitoring System), IDPMS (Import Data Processing and Monitoring System), FETERS and such other regulatory reporting frameworks prescribed by RBI from time to time.

8. Payment Aggregator-Cross Border (PA-CB) Framework and other payment system regulations and directions issued by RBI.
9. Factoring Regulation Act, 2011 and rules, regulations and amendments made thereunder.
10. Guidelines, notifications and instructions issued by SEZ Authorities, Software Technology Parks of India (STPI), Customs Authorities and other competent authorities, wherever applicable.
11. Uniform Customs and Practice for Documentary Credits (UCP 600), Uniform Rules for Collections (URC 522), Uniform Rules for Demand Guarantees (URDG 758), Uniform Rules for Bank-to-Bank Reimbursements under Documentary Credits (URR 725), Incoterms® 2020 and other applicable International Chamber of Commerce (ICC) rules and standards.
12. Applicable United Nations (UN), Office of Foreign Assets Control (OFAC), European Union (EU), HM Treasury (HMT), and other sanctions regimes, to the extent applicable to the Bank and the transaction.
13. The Bank's KYC, AML/CFT, Sanctions, Compliance, Trade Finance, Credit Risk, Operational Risk, Fraud Risk Management and other relevant internal policies and procedures.
14. Any other applicable law, regulation, notification, guideline, direction, circular or instruction issued by RBI, Government of India, DGFT, Customs Authorities, SEZ Authorities, STPI, Financial Intelligence Unit-India (FIU-IND), or any other competent authority.

4. Applicability

This Policy shall apply to:

1. All branches, business units, operations units, processing centres and support functions involved in the origination, processing, approval, settlement, monitoring, reporting or administration of trade-related foreign exchange transactions.
2. All customer segments, including Retail, Business Banking, SME, Commercial Banking, Corporate Banking, Financial Institutions, Government and Institutional customers availing trade finance products and services offered by the Bank.
3. All export, import, project export, deemed export, merchanting trade and other trade-related foreign exchange transactions undertaken through the Bank, including associated inward and outward remittances, settlement arrangements and regulatory reporting obligations.
4. All ancillary and related trade transactions linked to export, import, project export, deemed export or merchanting trade transactions handled through the Bank, including export claims, agency commission payments, refunds, settlements, reimbursements, write-offs, reductions in realization, third-party receipts/payments, set-off arrangements and other trade-related remittances or adjustments permitted under applicable regulations.
5. All trade finance products and services offered by the Bank, including letters of credit, collections, guarantees, export and import financing, advances, factoring arrangements and other trade-related facilities.
6. All modes of transaction initiation and documentation, including physical documents, digital channels, electronic platforms, trade portals, system-based workflows and any other mode approved by the IBL Bank from time to time.
7. All trade transactions required to be reported, monitored, reconciled or regularised through EDPMS, IDPMS, FETERS or any other regulatory reporting framework prescribed by RBI or other competent authorities.
8. This Policy applies solely to trade-related foreign exchange current account transactions governed under the applicable trade regulations and related RBI directions.

   Export Credit transactions, Capital account transactions, transactions undertaken under the Liberalised Remittance Scheme (LRS), Rupee Drawing Arrangement (RDA), Authorised Dealer Category-II (AD-II) business, personal remittances and other non-trade remittance transactions do not form part of the scope of this Policy and shall be governed by the relevant regulatory framework and internal policies of the Bank.

5. Policy Principles

In undertaking export, import and other trade-related foreign exchange transactions, the Bank shall be guided by the following principles:

1. Regulatory Compliance-The Bank shall ensure that all trade-related transactions are processed in compliance with the provisions of the Foreign Exchange Management Act, 1999 (FEMA), applicable RBI regulations, directions and circulars, the Foreign Trade Policy, sanctions requirements and all other applicable laws, regulations and regulatory guidelines.
2. Customer-Centric Approach-The Bank shall endeavour to facilitate bona fide trade transactions through transparent, efficient and customer-centric processes while ensuring compliance with applicable regulatory and risk management requirements. The Bank shall communicate applicable requirements, documentation standards and service parameters to customers in a fair and consistent manner.
3. Risk-Based Approach-The Bank shall adopt a risk-based approach in the assessment, processing, monitoring and administration of trade transactions. The extent of due diligence, documentation, review, monitoring and approval shall be commensurate with the nature and risk profile of the transaction and may take into account factors including customer risk, counterparty risk, country risk, product risk, transaction value, transaction tenor, settlement structure and any other relevant risk considerations.
4. Trade Genuineness and Economic Substance-The Bank shall satisfy itself regarding the genuineness, legitimacy and economic rationale of the underlying trade transaction before processing any trade-related foreign exchange transaction. Appropriate due diligence shall be undertaken to establish that the transaction is supported by a bona fide trade activity and complies with applicable regulatory requirements.
5. AML/CFT, Sanctions and Trade-Based Money Laundering Controls-The Bank shall maintain appropriate systems, controls and monitoring mechanisms to identify, assess, manage and mitigate risks arising from money laundering, terrorist financing, proliferation financing, sanctions violations, fraud and Trade-Based Money Laundering (TBML). All trade transactions shall remain subject to applicable customer due diligence, sanctions screening, transaction monitoring and compliance review requirements.
6. Accountability and Audit Trail-The Bank shall maintain complete, accurate and auditable records relating to trade transactions, including customer instructions, approvals, supporting documents, system updates, communications, reporting actions, exceptions and decisions taken during the transaction lifecycle. Appropriate records shall be retained in accordance with applicable regulatory requirements and the Bank's record retention framework.
7. Digital Processing and Operational Efficiency-The Bank may facilitate trade transactions through digital channels, electronic platforms, straight-through-processing mechanisms and paperless workflows, subject to compliance with applicable laws, regulatory requirements, authentication standards, cybersecurity controls and record retention requirements. The use of digital processes shall not diminish the Bank's obligations relating to due diligence, monitoring, regulatory reporting or risk management.
8. Governance and Internal Controls-The Bank shall maintain an appropriate governance, oversight and control framework for trade-related foreign exchange transactions to ensure effective implementation of regulatory requirements, timely reporting, risk management, exception handling and ongoing policy compliance across all relevant business and operational units.
9. Facilitation of Genuine Trade Transactions-While maintaining appropriate regulatory and risk management safeguards, the Bank shall endeavour to facilitate genuine trade transactions and support the evolving needs of customers engaged in international trade through consistent interpretation of regulations, standardized processes and efficient transaction handling.

6. Governance and Responsibilities

The Bank shall maintain an appropriate governance framework to ensure effective oversight, implementation, monitoring and compliance with this Policy. Roles and responsibilities in relation to trade-related foreign exchange transactions shall be as set out below.

1. Risk Management Committee of the Board - The Risk Management Committee of the Board shall provide overall governance and oversight of the Bank's trade-related foreign exchange activities and shall:

    - Approve this Policy and any material amendments thereto.
    - Provide strategic oversight of the Bank's trade finance and trade-related foreign exchange business.
    - Review significant regulatory developments, emerging risks and material matters impacting the Bank's trade business, as may be placed before it from time to time.
    - Exercise oversight through the appropriate Board Committees in accordance with the Bank's governance framework.

2. Senior Management-Senior Management shall be responsible for the effective implementation and administration of this Policy and shall:

    - Ensure that adequate systems, processes, resources and internal controls are established for implementation of the Policy.
    - Promote compliance with applicable regulatory requirements and internal standards.
    - Ensure appropriate governance, risk management and monitoring mechanisms for trade-related activities.
    - Review significant operational, regulatory, compliance and risk-related matters pertaining to trade transactions.
    - Ensure that policy exceptions, regulatory breaches and material operational issues are appropriately escalated and addressed.

3. Trade Operations (including trade enabled branches) and Centralised Trade Processing Units-Trade Operations, Centralised Processing Units and other designated operational teams shall be responsible for the processing, monitoring and reporting of trade transactions and shall:

    - Process trade transactions in accordance with applicable regulations, internal policies and approved operating procedures.
    - Verify transaction data, documentation and customer instructions, wherever applicable.
    - Undertake regulatory reporting, monitoring, reconciliation, regularisation and closure activities, including EDPMS, IDPMS, FETERS and other applicable reporting requirements.
    - Monitor outstanding transactions and exceptions requiring follow-up or regulatory action.
    - Process customer requests and transaction approvals within the delegated authority framework.
    - Maintain complete records and audit trails relating to trade transactions.
    - Ensure operational compliance with this Policy and associated operating procedures.

4. Business Units-Business Units shall be responsible for customer engagement and first-line ownership of trade transactions and shall:

    - Obtain customer instructions, declarations and supporting documentation as required.
    - Conduct appropriate customer due diligence and transaction-level reviews in accordance with internal policies.

- Ensure timely communication with customers regarding documentation requirements, regulatory obligations and transaction status.
- Monitor transaction developments and follow up with customers for pending actions, missing information or outstanding obligations.
- Escalate policy exceptions, regulatory concerns and operational issues to the appropriate authority for review and decision-making.

5. Compliance Function-The Compliance Function shall provide regulatory guidance in relation to trade-related foreign exchange regulations/circulars/directions and shall:

   - Advise on the interpretation and implementation of applicable regulatory requirements.
   - Oversee compliance with AML/CFT and TBML Alerts relevant to trade transactions. Cases of Exact match in case of Sanctions may be referred to Compliance.
   - Provide guidance on policy exceptions, escalated matters and regulatory interpretations.
   - Support regulatory inspections, reviews and compliance testing relating to trade activities.

6. Internal Audit-The Internal Audit Function shall independently assess the adequacy and effectiveness of the control environment relating to trade-related foreign exchange activities and shall:

   - Periodically review compliance with this Policy, applicable regulations and internal procedures.
   - Evaluate the effectiveness of operational, compliance and risk management controls.
   - Identify control gaps, process weaknesses and regulatory compliance issues, where any.
   - Recommend corrective and preventive actions and monitor remediation of audit observations in accordance with the Bank's audit framework.

7. All Employees-All employees involved in the origination, processing, approval, monitoring or reporting of trade-related transactions shall be responsible for complying with the provisions of this Policy, applicable operating procedures, delegated authority limits and regulatory requirements relevant to their respective roles and responsibilities.

7. Customer and Transaction Due Diligence

The Bank shall adopt a risk-based approach to customer onboarding, transaction assessment, monitoring and ongoing due diligence for all trade-related foreign exchange transactions. The nature and extent of due diligence shall be commensurate with the risk profile of the customer, counterparty, transaction, jurisdiction, product and delivery channel.

1. Customer Due Diligence-Prior to undertaking trade-related transactions, the Bank shall ensure that appropriate customer due diligence measures have been completed in accordance with applicable regulatory requirements and the Bank's internal policies.

   The Bank shall maintain and, wherever applicable, verify information relating to:

   - Know Your Customer (KYC) requirements.
   - Importer Exporter Code (IEC).
   - Legal Entity Identifier (LEI).
   - Beneficial ownership and control structure.
   - Customer risk categorisation.
   - Nature and profile of business activities.
   - Trade and transaction behaviour.
   - Account conduct and relationship history.
   - Outstanding regulatory reporting positions, including EDPMS and IDPMS records.

- Any other information considered necessary under the Bank's risk management framework.

2. Counterparty Due Diligence-The Bank may undertake such due diligence as it considers appropriate in relation to overseas buyers, sellers, intermediaries and other parties connected with the transaction on a case-to-case basis.

   Such assessment may include:

   - Verification of overseas counterparty information.
   - Country and jurisdiction risk assessment.
   - Sanctions and watchlist screening.
   - Adverse media and reputational risk review.
   - Assessment of related-party relationships.
   - Review of transaction-specific risk indicators.
   - Any other checks considered necessary based on the risk profile of the transaction.

3. Transaction Due Diligence-The Bank shall satisfy itself regarding the genuineness, legitimacy and regulatory permissibility of the underlying transaction before processing any trade-related foreign exchange transaction.

   The assessment may include consideration of:

   - Nature of the underlying trade transaction.
   - Commercial rationale and economic substance.
   - Supporting documents and information.
   - Payment, settlement and delivery terms.
   - Pricing, transaction value and trade patterns.
   - Participation of intermediaries or third parties.
   - Consistency with the customer's business profile.
   - Compliance with FEMA, Foreign Trade Policy and other applicable regulatory requirements.

4. Enhanced Due Diligence-The Bank may undertake Enhanced Due Diligence (EDD) where the transaction, customer, counterparty or jurisdiction presents elevated regulatory, compliance, financial crime or operational risk.

   EDD in line with deviation/approval matrix may be considered, among others.

5. Reliance on Customer Declarations and Supporting Documents-In processing trade-related transactions, the Bank may rely on declarations, representations, certificates, undertakings and supporting documents submitted by customers, subject to such verification, review and scrutiny as may be considered appropriate.

   The Bank shall not ordinarily be required to independently verify commercial aspects of the underlying transaction beyond the level necessary to satisfy itself regarding:

   - The bona fide nature of the transaction.
   - Regulatory permissibility.
   - Compliance with applicable customer due diligence requirements.
   - AML/CFT and sanctions compliance.
   - Trade-Based Money Laundering (TBML) risk considerations.
   - Any other risk management or regulatory requirement applicable to the transaction.

6. Trade-Based Money Laundering (TBML) Risk Management-The Bank shall maintain appropriate systems, controls and monitoring mechanisms to identify, assess and manage risks associated with Trade-Based Money Laundering.

   As part of its risk management framework, the Bank may monitor for indicators including:

   - Trade activity inconsistent with the customer's known business profile.
   - Unusual or unexplained trade routes.
   - Apparent over-invoicing or under-invoicing.
   - Abnormal pricing patterns.
   - Repeated third-party settlement arrangements.
   - Circular or unsupported trade flows.
   - Excessive amendments, extensions or transaction restructuring.
   - Transactions lacking clear commercial rationale.
   - Any other indicators suggesting potential financial crime, sanctions or regulatory concerns.

Transactions identified as presenting elevated risk may be subjected to enhanced review, additional documentation requirements, escalation to Compliance and such other measures as may be considered appropriate under the Bank's internal governance framework.

8. Documents, Timelines and Charges

1. **Documentation Standards -** The Bank shall obtain and retain such documents, declarations, certificates, confirmations and supporting information as may be required to establish the genuineness, regulatory permissibility and proper processing of trade-related foreign exchange transactions.

   The documentation requirements applicable to various trade transactions covered under this Policy shall be set out in Annexure I & II of this Policy. The Bank may, based on the nature of the transaction, customer profile, regulatory requirements and risk assessment, obtain additional documents, information or confirmations as may be considered necessary.

   Documents and information may be accepted in physical, electronic or digital form, subject to compliance with applicable laws, regulatory requirements, internal document management standards and authentication controls.

   The Bank may rely on customer declarations, representations, undertakings and supporting documents submitted by customers, subject to such verification and scrutiny as may be considered appropriate under its risk-based due diligence framework.

   The Bank shall maintain appropriate records and audit trails of trade transactions in accordance with applicable regulatory requirements and the Bank's record retention policy.

2. **Timelines -** The Bank shall monitor, administer, report and regularise trade-related transactions within the timelines prescribed under the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 [FEMA 23(R)], RBI directions and other applicable regulatory requirements, as amended from time to time.

   Such timelines may include, but are not limited to:

   - Realisation and repatriation of export proceeds.
   - Settlement of import payments.
   - Submission and monitoring of Bills of Entry.

- Fulfilment, monitoring and regularisation of export and import advances.
- Merchanting Trade Transactions (MTTs).
- Factoring transactions.
- Project export receivables and related obligations.
- Transactions settled under International Trade Settlement in INR arrangements.
- Regulatory reporting, reconciliation and closure requirements under EDPMS, IDPMS, FETERS and other applicable regulatory systems.

The timelines applicable to specific trade transactions shall be governed by the provisions of FEMA 23(R), RBI directions and other applicable regulatory instructions. Wherever FEMA 23(R) prescribes a specific timeline, such timeline shall apply unless otherwise permitted by RBI or any other competent authority.

The Bank may permit extensions, write-offs, regularisations, reductions, set-offs, condonations or other actions specifically permitted under FEMA 23(R), RBI directions and the Bank's delegated authority framework, subject to satisfaction regarding the bona fide nature of the request and compliance with applicable regulatory requirements.

The Bank shall endeavour to process customer requests and transaction instructions within the service standards and turnaround times prescribed under its internal operating procedures. Processing timelines shall be subject to:

- Availability and completeness of required documentation and information.
- Completion of applicable due diligence and regulatory checks.
- Sanctions screening, AML/CFT/TBML Alerts, wherever applicable.
- Receipt of necessary approvals, confirmations and clarifications.
- Availability of information required for regulatory reporting and reconciliation.
- Any other operational, compliance or risk management considerations relevant to the transaction.

Where additional information, verification or regulatory review is required, the processing timeline may be extended until the applicable requirements have been satisfactorily completed.

3. **Charges and Fees** - The Bank may levy charges, commissions, fees, interest, reimbursement of expenses and other recoveries in connection with trade finance products, foreign exchange transactions and related services in accordance with the Bank's approved Schedule of Charges ("SOC"), applicable product programmes, facility terms and customer agreements.

   The prevailing Schedule of Charges applicable to trade finance and trade-related foreign exchange transactions shall be made available through the Bank's website and such other customer communication channels as may be prescribed by the Bank from time to time.

   All charges shall be applied in a fair and transparent manner and shall be communicated to customers through the Bank's Schedule of Charges, customer agreements, sanction terms, product disclosures or other approved communication channels, as applicable.

   The Bank reserves the right to revise, introduce, modify or withdraw any charge, commission, fee or service tariff from time to time in accordance with its internal approval framework, customer agreements and applicable regulatory requirements. Any such revision shall be communicated through the updated Schedule of Charges hosted on the Bank's website and/or through such other modes of communication as may be considered appropriate by the Bank.

In addition to the Bank's charges, customers shall be responsible for payment of applicable statutory levies, taxes, duties, correspondent bank charges, SWIFT charges, courier charges, out-of-pocket expenses and other third-party charges, wherever applicable.

9. Export Transactions

Export of Goods, Services and Software from India is governed by the provisions of the Foreign Exchange Management Act, 1999 (FEMA) and the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, as amended from time to time. These Regulations shall come into force with effect from October 1, 2026, and shall govern export and import transactions undertaken through Authorised Dealers.

Within the framework of the Regulations, Reserve Bank of India (RBI) issues directions to Authorised Dealers under Section 11 of FEMA, 1999 prescribing the operational modalities for conduct of export business and realization of export proceeds. Such directions are amended from time to time and are required to be complied with by all Authorised Dealers and their constituents.

This Policy establishes the principles, governance framework and regulatory requirements governing export transactions handled by IndusInd Bank Limited ("IBL" or "the Bank") and to ensure that export transactions are processed in compliance with FEMA, RBI Regulations, Directions, Foreign Trade Policy and other applicable laws and guidelines.

This Policy shall serve as the guiding document for all export transactions handled by IBL.

Before processing any export transaction, IBL shall undertake appropriate due diligence regarding the eligibility, authenticity and regulatory compliance of the underlying export transaction. The following minimum checks shall be carried out, as applicable:

- Importer Exporter Code (IEC) - Verify that the exporter holds a valid Importer Exporter Code (IEC), wherever required under the prevailing Foreign Trade Policy and applicable laws.
- Permissibility of Export under Foreign Trade Policy (FTP) - Ensure that the goods, services or software proposed to be exported are permitted under the prevailing Foreign Trade Policy, and where applicable, that the exporter has obtained all necessary licences, authorisations, permissions, registrations or approvals from the competent authority.
- Legal Entity Identifier (LEI) - Verify compliance with Legal Entity Identifier (LEI) requirements as applicable in accordance with RBI directions and the regulatory thresholds prescribed from time to time.
- Customer Due Diligence and KYC Compliance - Ensure that the exporter's KYC and customer due diligence requirements have been completed and remain valid in accordance with the Bank's KYC Policy and regulatory requirements.
- Screening and Sanctions Compliance - Verify that the exporter, overseas buyer, intermediaries and related parties are not subject to applicable sanctions, restrictions, watchlists or adverse regulatory findings. All transactions under this Policy shall remain subject to the Bank's KYC, AML/CFT, sanctions screening and compliance framework.
- Nature and Bona Fides of the Transaction - Satisfy itself regarding the genuineness of the underlying export transaction, including the commercial rationale, goods/services being exported, payment terms and counterparty details.
- Export Documentation - Unless otherwise specified, the documentation requirements applicable to export transactions covered under this Chapter shall be as prescribed in Annexure I of this Policy. The Bank may seek additional documents or dispense with specific documents, wherever permissible, based on applicable regulations.

- Regulatory Reporting Requirements - Confirm that the transaction can be appropriately reported, monitored and closed in EDPMS and other regulatory reporting systems, as applicable.
- Country, Commodity and Counterparty Risk Assessment - Assess whether the export involves any restricted destination country, sensitive commodity, high-risk jurisdiction, related-party transaction or other factors requiring enhanced due diligence or approval.
- Compliance with FEMA, RBI and Internal Policies - Ensure that the transaction complies with FEMA, RBI Directions, Foreign Trade Policy, sanctions requirements and IBL's internal policies, procedures and approval framework.

IBL may carry out such additional checks as may be considered necessary based on the nature, value, complexity and risk profile of the transaction and IBL shall process export transactions only after satisfying itself regarding the genuineness, bona fides and regulatory compliance of the underlying transaction.

9.1 Declaration of Exports

All exports of goods, services and software shall be declared in the manner prescribed under the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 [FEMA 23(R)], Customs regulations, Foreign Trade Policy and RBI Directions issued from time to time. IBL shall ensure that all export transactions are appropriately declared, reported and monitored through the Export Data Processing and Monitoring System (EDPMS) and other regulatory reporting systems, as applicable.

Export declarations may be submitted through:

- Electronic Data Interchange (EDI) mechanism.
- Export Declaration Form (EDF).
- Such other electronic or physical declaration mechanisms as may be prescribed by RBI, Customs, DGFT or any other competent authority from time to time.

For exports of services and software, declarations shall be submitted in accordance with FEMA 23(R), RBI directions and the requirements prescribed by the relevant specified authority.

IBL shall ensure timely capture, verification, reporting and updation of export transactions in EDPMS in accordance with the applicable regulatory requirements.

9.2 Declaration Requirement for Export of Goods

Every exporter of goods shall furnish an Export Declaration Form (EDF) to the specified authority, namely the Commissioner of Customs in the Domestic Tariff Area (DTA) or the Development Commissioner in a Special Economic Zone (SEZ), as applicable, declaring the full export value of the goods being exported.

Where exports are effected through an EDI-enabled Customs port, the EDF shall be deemed to have been submitted as part of the Shipping Bill and no separate EDF shall ordinarily be required.

A traveller carrying personal effects, whether accompanied or unaccompanied, shall not be regarded as an exporter for the purposes of these Regulations and shall not be required to furnish EDF.

Documentation requirements shall be as prescribed in Annexure I to this Policy.

9.2.1 Declaration Requirement for Export of Services

Every exporter of services shall furnish an EDF to specified authority declaring the full value of services exported within 30 days from the end of the month in which the invoice is raised, unless otherwise permitted under FEMA 23(R) or subsequent regulatory directions.

Specified authority" means:

(i) Commissioner of Customs in Domestic Tariff Area (DTA) and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for goods;
(ii) An Authorised Dealer in DTA and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for services other than software; and
(iii) An Authorised Dealer or Software Technology Parks of India (STPI) in DTA, and Development Commissioner of Special Economic Zone (SEZ) in SEZ, for software.

Explanation. – 'services' shall also include 'software'.

The following provisions shall apply:

a. Exporters rendering services to multiple overseas customers during a particular month may submit a single consolidated EDF covering all eligible invoices raised during that month.

b. Exporters of services, other than software, may submit the EDF on or before the date of realization of export proceeds were permitted under the applicable regulatory framework.

c. IBL may, on receipt of a written request and after satisfying itself regarding the genuineness of the reasons for delay, permit extension of the time prescribed for submission of EDF in accordance with its internal approval framework.

Documentation requirements shall be as prescribed in Annexure I to this Policy.

IBL shall not insist upon submission of the underlying contract, work order, service agreement or purchase order for every export transaction. However, such documents may be called for on a risk-based basis considering factors such as customer profile, transaction value, nature of services, country risk, related-party transactions, new overseas counterparties or any other compliance considerations.

9.2.2 Declaration Requirement for Export of Software

Exporters of software shall comply with all declaration and reporting requirements applicable under FEMA 23(R), RBI directions, STPI/SEZ guidelines and other applicable regulations.

Documentation requirements shall be as prescribed in Annexure I to this Policy.

9.2.3 Exports Through Non-EDI Ports and Other Specified Authorities

(a) Exports Through Non-EDI Ports

Where exports are effected through a port where EDI facilities are not available and documentation is processed manually, the exporter shall submit the physical EDF to the specified authority along with the Shipping Bill and other prescribed documents.

The authenticated EDF shall be forwarded by the specified authority to IBL, being the Authorised Dealer nominated in the declaration, for monitoring of realization and regulatory reporting purposes.

Upon receipt of the authenticated EDF, IBL shall ensure that the relevant details are captured in EDPMS within the timelines prescribed under applicable regulations and internal operating procedures.

Where the authenticated EDF is not received within a reasonable period, IBL may require the exporter to obtain and submit a certified copy or duplicate EDF from the concerned authority for verification and regulatory reporting purposes.

(b) Export of Services and Software Through Other Specified Authorities

Where the specified authority receiving the EDF is not an Authorised Dealer Bank, including SEZ Development Commissioners, STPI or such other authorities notified from time to time, the authenticated EDF shall be transmitted by the specified authority to the concerned Authorised Dealer Bank.

The purpose of such transmission is to ensure:

- Proper linkage between export declarations and realization of export proceeds.
- Accurate regulatory reporting.
- Compliance with FEMA monitoring obligations.
- Timely updation and closure of EDPMS records.

9.2.4 Non-Reflection of EDF in EDPMS

Documentation requirements shall be as prescribed in Annexure I to this Policy.

Pending regularization, the transaction shall be monitored as an exception and escalated in accordance with the Bank's internal exception management framework.

9.2.5 Extension of Time for Submission of EDF

IBL may grant extension of the prescribed timeline for submission of EDF upon receipt of a written request from the exporter explaining the reasons for delay and providing supporting documents as applicable.

The request should ordinarily be submitted prior to expiry of the prescribed period. However, delayed requests may also be considered based on the merits of the case and the genuineness of the circumstances.

The approval matrix for grant of extension shall be governed by the Bank's internal delegation of authority and shall consider:

- Ageing of delay.
- Transaction value.
- Customer risk rating.
- Export compliance track record.
- Frequency of extension requests.
- Nature of export transaction.

Where EDF continues to remain unsubmitted beyond the approved extension period, IBL shall:

- Record the case as a regulatory exception.
- Intensify follow-up with the exporter.

- Subject the customer to enhanced monitoring.
- Escalate the matter in accordance with the Bank's approval and exception management framework.
- Consider restricting transaction processing where warranted under applicable regulatory guidelines and internal policies.

EDPMS follow-up and realization monitoring shall continue notwithstanding grant of any extension for submission of EDF.

9.2.6 Transition of Transactions Earlier Exempt from EDF Filing

With effect from 1 October 2026, export declaration requirements shall be governed by FEMA 23(R). Except for transactions specifically exempted under the applicable regulations, IBL shall require submission of EDF in the prescribed manner for export transactions covered under the revised regulatory framework.

Accordingly, transactions such as:

- Export of samples.
- Replacement goods.
- Goods sent for testing, repair or evaluation.
- Exports without consideration.
- Gifts and donations.
- Re-exports.

Other transactions prescribed by regulators from time to time, shall be handled in accordance with FEMA 23(R) and related regulatory guidance.

Where no foreign exchange realization is expected, the exporter shall submit appropriate declarations and supporting documents evidencing the bona fide nature of the transaction.

IBL may obtain, as applicable:

- Customer declarations.
- Documentary evidence supporting the nature of export.
- Repair/testing agreements.
- Certifications from competent authorities.
- Any other document necessary to establish that no export proceeds are receivable.

Where permitted under applicable regulations, eligible transactions may be processed under simplified declaration or self-declaration mechanisms, including those applicable to transactions up to ₹10 lakh or its equivalent in foreign currency.

IBL shall implement any further directions, clarifications, circulars or operational instructions issued by RBI, Customs, DGFT, STPI, SEZ authorities or any other competent authority regarding EDF filing, NIL-value declarations, transition provisions, reporting requirements and EDPMS operations from time to time.

9.3 Export Realisation and Repatriation

9.3.1 General Requirement

In accordance with FEMA, exporters shall realise and repatriate the full value of exports of goods, services and software to India within the period prescribed under the Foreign Exchange Management

(Export and Import of Goods and Services) Regulations, 2026 and related RBI directions issued from time to time. Export proceeds shall be realised within **9** months from the date of shipment in case of goods and from the date of invoice in case of services, or within such other period as may be permitted by RBI. Provided that where the export of goods and services is invoiced or/and settled in **Indian Rupees**, the period for realisation and repatriation of full export value shall be **12** months, from the date of shipment in case of goods (other than goods exported to a warehouse outside India), from the date of invoice in case of services, and from the date of sale of goods in case of goods exported to a warehouse outside India. IBL shall monitor realisation and repatriation of export proceeds through EDPMS and shall undertake appropriate follow-up, reporting and closure actions in accordance with regulatory requirements.

9.3.2 Manner of Receipt of Export Proceeds

Export proceeds shall be received only through the modes permitted under the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023, FEMA 23(R), RBI Directions and other applicable regulations.

Subject to applicable regulatory requirements, export proceeds may be received through:

- Inward remittances received through normal banking channels.
- SWIFT/Telegraphic Transfers.
- Bank drafts, cheques, pay orders, foreign currency notes or travellers' cheques tendered by overseas buyers visiting India and surrendered to IBL within the prescribed regulatory timelines.
- Debit to FCNR(B), NRE or SNRR accounts maintained in accordance with applicable regulations.
- Rupee receipts permitted under RBI regulations, including receipts through authorised card settlement arrangements and permitted payment systems.
- Payments received through Exchange House Rupee Accounts or such other arrangements permitted by RBI from time to time.
- Receipts under bilateral payment arrangements between the Government of India and foreign governments or under credit arrangements approved by RBI, Government of India or EXIM Bank.
- Receipt of precious metals against export of jewellery by eligible SEZ/EOU units, wherever specifically permitted under applicable regulations and provided the arrangement is expressly incorporated in the underlying export contract and declared in the export documentation.
- Payment Aggregator-Cross Border (PA-CB) arrangements and such other authorised payment mechanisms approved by RBI.

9.3.3 Prohibited and Restricted Modes of Receipt

IBL shall not accept export proceeds through:

- Any unregulated remittance mechanism.
- Transactions involving persons, entities, financial institutions or jurisdictions subject to sanctions, restrictions or FATF counter-measures, except where specifically permitted under applicable laws.
- Any settlement mechanism prohibited, suspended or restricted by RBI, Government of India or any competent authority.
- Any other receipt mechanism not permitted under FEMA or RBI regulations.

9.3.4 Receipt of Export Proceeds from ACU Member Countries

Where export transactions involve countries participating in the Asian Clearing Union (ACU), settlement shall be undertaken in accordance with the prevailing RBI framework.

Subject to RBI directions in force from time to time:

- Export proceeds may be received in ACU Dollar (ACU$), ACU Euro (ACU€), ACU Japanese Yen (ACU¥) or any freely convertible currency, wherever permitted.
- Transactions with Maldives may additionally be settled in Indian Rupees or Maldivian Rufiyaa where permitted.
- In the event RBI suspends or modifies settlement in any ACU currency or for any member country, IBL shall follow the revised settlement mechanism prescribed by RBI.
- Myanmar and Sri Lanka - Export proceeds may be received in freely convertible foreign currency or through such settlement mechanism as may be permitted by RBI from time to time.
- Nepal and Bhutan - Export proceeds may be received in Indian Rupees in accordance with the applicable regulatory framework.
- For exports to Nepal, export proceeds may also be received in freely convertible foreign currency where the importer is specifically authorised under the applicable regulations of Nepal. Such transactions shall be handled in accordance with RBI guidelines.

9.3.5 Receipt of Export Proceeds from Non-ACU Countries

For exports to countries other than ACU member countries, export proceeds may be received:

- In a freely convertible foreign currency; or
- In Indian Rupees in accordance with the applicable RBI framework and FEMA regulations.

The mode and currency of settlement shall be consistent with the underlying transaction and the requirements prescribed under applicable regulations.

9.3.6 Exports to Overseas Buyers Visiting India

Where goods are sold to an overseas buyer during such buyer's visit to India, IBL may treat the receipt as export proceeds where the transaction otherwise qualifies as an export and payment is received through permissible channels supported by satisfactory documentary evidence.

IBL shall obtain documents evidencing export, receipt of funds and compliance with FEMA, Customs and Foreign Trade Policy requirements before treating such receipt as export realisation.

9.3.7 Export Payments Through Payment Aggregator – Cross Border (PA-CB)

IBL may facilitate receipt of export proceeds through Payment Aggregator – Cross Border (PA-CB) entities with whom the Bank has entered into approved arrangements.

Export transactions processed through PA-CB channels shall be governed by the Bank's internal product note, operating procedures and RBI guidelines applicable from time to time.

Closure, reporting and reconciliation of such transactions shall be undertaken in accordance with EDPMS requirements and internal controls.

9.3.8 Settlement in a Currency Different from the Currency of Invoicing

IBL may permit settlement of export transactions in a freely convertible currency different from the currency of invoice, including situations where the beneficiary elects to receive payment in a convertible local currency for which a direct exchange rate with the invoiced currency may not be available, subject to compliance with applicable FEMA and RBI requirements.

Such transactions shall be permitted subject to:

- The exporter maintaining a satisfactory relationship with IBL.
- The underlying export contract or invoice being denominated in a freely convertible currency.
- Documentary evidence establishing that the overseas buyer has agreed to the alternate settlement currency.
- Satisfaction regarding the genuineness and bona fides of the underlying transaction.
- The transaction not involving prohibited jurisdictions or counterparties.

9.3.9 Receipt of Export Proceeds and Documentation

Documentation requirements shall be as prescribed in Annexure I to this Policy.

IBL shall adopt a risk-based approach and may simplify documentation requirements for low-risk customers having a satisfactory compliance track record.

9.3.10 Crediting of Export Proceeds

IBL shall credit export proceeds to the exporter's account upon satisfying itself regarding the genuineness of the underlying transaction and completion of applicable regulatory and operational checks.

Simultaneously, the corresponding EDPMS records shall be updated, regularised or closed, as applicable.

Where all necessary information is available and no clarification is required, IBL shall endeavour to credit export proceeds and update EDPMS on the same working day of receipt of funds in the Bank's Nostro account or by the next working day.

Where additional clarification or supporting documents are required, the proceeds shall be credited within a reasonable period following receipt of the necessary information.

9.3.11 Small Value Export Transactions

In accordance with FEMA 23(R), in the case of export where the shipping bill (for goods) or invoice (for services) is up to ₹10 lakh (or its equivalent in foreign currency), entry in EDPMS may be closed based on a declaration in the format prescribed by the bank from the exporter to the effect that the payment against the shipping bill / invoice has been realised either in full or otherwise. Alternatively, such declaration may be submitted by an exporter to the Authorised Dealer on a quarterly basis for bulk closure of entries in EDPMS.

IBL shall maintain adequate documentation, audit trails, monitoring controls and regulatory records for all transactions processed under the self-declaration facility and may obtain additional documents wherever considered necessary based on its risk assessment framework.

9.3.12 Due Diligence for Export Realisation

While processing export proceeds and export bill realisation, IBL shall undertake appropriate due diligence

regarding the genuineness of the transaction.

As a minimum control, IBL may verify that:

- The underlying Shipping Bill, EDF, invoice or export transaction is available and valid.
- The export transaction has been appropriately reported in EDPMS.
- No unexplained outstanding EDPMS entries exist against the Shipping Bill being regularised.
- The export transaction complies with FEMA, Foreign Trade Policy and internal policies.

IBL may carry out additional checks based on customer profile, transaction value, jurisdiction, nature of goods/services and risk assessment.

Where export proceeds remain unrealised and the restrictions under Regulation 13 of FEMA 23(R) become applicable, future transactions involving the concerned overseas buyer shall be handled only in accordance with the conditions prescribed under the applicable regulations.

Exporters in RBI Caution List as on 30-Sep-2026 will continue to be governed by earlier RBI orders till removed from the Caution List.

9.3.13 Export Bill Lodgement - Documentation Requirements

Documentation requirements shall be as prescribed in Annexure I to this Policy.

9.4 Extension of Time for Realisation and Repatriation of Export Proceeds

9.4.1 Obligation for Realisation

Every exporter shall realise and repatriate to India the full export value of goods, services or software exported, or such reduced value as may be permitted under the applicable provisions of FEMA 23(R). The obligation shall also apply in cases involving set-off, write-off, reduction in realisation or any other arrangement specifically permitted under the applicable regulatory framework.

IBL shall monitor all export receivables through EDPMS and maintain appropriate systems and controls to ensure timely realisation, follow-up and regularisation of export transactions.

9.4.2 Prescribed Time Limits for Realisation

Export proceeds shall be realised and repatriated to India within the following timelines:

a. Export of Goods (other than goods exported to a warehouse outside India) - Export proceeds shall be realised within **nine (9)** months from the date of shipment.

b. Export of Goods Exported to a Warehouse Outside India - Export proceeds shall be realised within **nine (9)** months from the date of sale of goods from the overseas warehouse.

c. Export of Services and Software - Export proceeds shall be realised within **nine (9)** months from the date of invoice.

d. Project Exports - Export proceeds shall be realised in accordance with the payment terms and milestones stipulated in the underlying project export contract.

e. Exports Invoiced and/or Settled in Indian Rupees (INR) - Where exports of goods, services or software are invoiced and/or settled in INR, the full export value shall be realised and repatriated within **twelve (12)** months, as under:

- From the date of shipment in case of export of goods (other than goods exported to overseas warehouses).
- From the date of sale in case of goods exported to overseas warehouses.
- From the date of invoice in case of export of services or software.

IBL shall monitor outstanding export bills through EDPMS and undertake periodic follow-up to ensure compliance with the prescribed timelines. Overdue export bills shall be escalated and monitored in accordance with the Bank's internal exception management framework and applicable regulatory requirements.

9.4.3 Extension of Time

IBL may permit extension of timelines relating to export transactions in accordance with FEMA 23(R), RBI directions and the Bank's internal approval framework, subject to satisfaction regarding the bona fides of the request and compliance with applicable regulatory requirements.

The Bank may consider requests for:

a. Extension of shipment period in respect of export advances received where the export obligation has not yet been fulfilled; or

b. Extension of the period for realisation and repatriation of export proceeds where shipment of goods or rendering of services has already taken place but export proceeds have not been realised within the prescribed timeline.

Prior to granting any extension, IBL shall undertake appropriate due diligence that:

- The delay is attributable to genuine commercial or operational reasons.
- The underlying export transaction continues to remain bona fide.
- The export transaction is not under investigation, adverse notice or ongoing enquiry by the Directorate of Enforcement (ED), CBI, DRI or any other regulatory or law enforcement authority.
- In cases where any such investigation or enquiry is ongoing, a No Objection Certificate (NOC) or other approval, wherever required, has been obtained before processing the request.
- Documentation requirements shall be as prescribed in Annexure I to this Policy.

Upon approval, IBL shall update the relevant records, including EDPMS, as applicable, and continue monitoring the transaction until fulfilment of the export obligation or realisation of export proceeds.

9.5 Monitoring

IBL shall maintain a robust and centralized monitoring framework for tracking export receivables, export bill realizations and outstanding EDPMS entries to ensure compliance with FEMA 23(R), RBI directions and internal risk management requirements.

9.5.1 Ongoing Monitoring of Export Receivables

All export bills, export receivables and outstanding EDPMS entries shall be monitored on an ongoing basis from the date of shipment or invoice, as applicable.

IBL shall:

- Monitor realization and repatriation timelines prescribed under FEMA and RBI regulations.
- Generate periodic ageing reports for outstanding export receivables.
- Identify transactions approaching the due date for realization.
- Track overdue export bills and delayed realizations.
- Monitor unrealized export proceeds and long-outstanding EDPMS entries.
- Review cases involving extensions, reductions in realization, write-offs, set-offs and other permitted regularization mechanisms.
- Maintain appropriate management information systems (MIS) and exception reports for monitoring purposes.

9.5.2 Customer Follow-up and Escalation

IBL shall undertake timely follow-up with exporters for realization of export proceeds and closure of outstanding EDPMS entries.

Follow-up actions may include:

- System-generated reminders.
- Email communications.
- Telephone follow-up.
- Written communications.
- Requests for status updates and supporting documents.
- Escalation to higher customer authorities as applicable.

Attention shall be given to:

- Transactions approaching the prescribed realization due date.
- Overdue export receivables.
- Cases involving repeated delays in realization.
- Transactions requiring extension, write-off, reduction or other regularization.
- Cases attracting the provisions relating to unrealized export proceeds under FEMA 23(R).

Prolonged delays or exceptional cases shall be escalated through the Bank's prescribed governance, compliance and exception management framework.

9.5.3 Customer Confirmation of EDPMS Updates and Closure

IBL shall endeavour to ensure that the relevant EDPMS entry is updated, regularized or closed promptly upon realization of export proceeds or completion of any other approved regularization event.

As a customer service measure, IBL may provide confirmations regarding transaction processing and EDPMS updation through:

- Email.
- SMS.
- Digital banking channels.
- Trade portals.
- Any other communication channel approved by the Bank.

Where requested by the customer, IBL may issue appropriate documentary evidence, including:

- Foreign Inward Remittance Certificate (FIRC).
- Bank Realisation Certificate (BRC) or e-BRC related information, where applicable.
- EDPMS status confirmation.
- Credit advice or transaction confirmation.
- Any other permissible certificate or confirmation.

Such requests shall be processed in accordance with the Bank's prevailing service standards and schedule of charges.

9.5.4 Monitoring of Transactions Across Multiple Authorised Dealer Banks

Where an exporter maintains export relationships with more than one Authorised Dealer Bank, IBL shall monitor the EDPMS information available to it and may obtain declarations, confirmations or other information from the customer for compliance, monitoring and risk management purposes.

Pending implementation of any RBI-prescribed centralized inter-bank monitoring framework, IBL shall rely upon:

- EDPMS records accessible to the Bank.
- Customer declarations and confirmations.
- Inter-bank communications, wherever available.
- Due diligence findings.
- Regulatory information and other relevant documentation.

IBL shall implement any future RBI-prescribed framework for consolidated monitoring of export receivables and outstanding EDPMS entries across multiple Authorised Dealer Banks as and when such framework becomes operational.

9.5.5 Regularisation of Outstanding Export Receivables

Outstanding export receivables may be regularized through one or more of the following mechanisms permitted under FEMA 23(R):

- Full realization and repatriation of export proceeds.
- Approved extension of realization period.
- Reduction in export realization.
- Write-off of export receivables.
- Set-off against eligible import payables.
- Insurance or ECGC settlement.
- Any other regulatory closure mechanism permitted from time to time.

The exporter shall submit appropriate documentary evidence supporting the regularization request, including:

- FIRC, credit advice, SWIFT confirmation or equivalent proof of realization.
- Approval documents relating to reduction, write-off or set-off.
- Insurance or ECGC settlement documents.
- Any other documents considered necessary by IBL.

Upon verification of the documents and satisfaction regarding the underlying transaction, IBL shall update, regularize or close the corresponding EDPMS entry.

9.5.6 Removal of Restrictions on Unrealised Export Proceeds

Where restrictions have been imposed under Regulation 13 of FEMA 23(R) in relation to unrealized export proceeds, such restrictions may be withdrawn once the underlying export receivable has been satisfactorily regularized and the related EDPMS entry has been appropriately closed or updated.

For this purpose, the exporter shall provide evidence of regularization, which may include:

- Proof of realization and repatriation of export proceeds.
- Approval for reduction, write-off or non-realization granted in accordance with the applicable policy.
- Evidence of closure through set-off, insurance settlement or any other permitted mechanism.
- Such other documentary evidence as may be required by IBL.

Following verification and regularization of the EDPMS entry, IBL may permit normal export transactions with the concerned overseas buyer, subject to compliance with FEMA, RBI directions and the Bank's internal policies.

9.5.7 Reduction / Under-realisation / /Over-realisation/Non-realisation

IBL may permit reduction in export realisation, under-realisation, over-realisation, non-realisation or write-off of export receivables in accordance with FEMA 23(R), RBI directions and the Bank's internal approval framework, after satisfying itself regarding the genuineness of the request and the bona fide nature of the underlying commercial circumstances.

IBL shall evaluate:

- Genuineness of the request and supporting documentation.
- Commercial rationale for the reduction, under-realisation or write-off.
- Exporter's compliance history and track record.
- Regulatory permissibility under FEMA and RBI guidelines.
- Status of investigation, regulatory action or adverse notices, if any.
- Availability of a complete audit trail and supporting evidence.

Transactions involving investigation or adverse notice from the Directorate of Enforcement (ED), Central Bureau of Investigation (CBI), Directorate of Revenue Intelligence (DRI) or any other law enforcement or regulatory authority shall not ordinarily be considered without obtaining the necessary regulatory clearance, No Objection Certificate (NOC) or other approvals, wherever required.

9.5.8 Reduction in Export Realisation / Invoice Value

IBL may permit reduction in export realisation or invoice value where supported by genuine commercial reasons and satisfactory documentary evidence.

Illustrative cases include:

- Quality or quantity disputes.
- Commercial claims and settlements.
- Price renegotiation.
- Volume discounts.
- Credit notes issued to overseas buyers.
- Contract cancellation.
- Short shipment.
- Goods lost, damaged or destroyed in transit.
- Insurance settlements.
- Arbitration awards or negotiated settlements.
- Insolvency, liquidation or financial distress of the overseas buyer.
- Government action resulting in confiscation, destruction or non-delivery of goods.
- Any other bona fide commercial reason accepted by IBL.

For reduction in invoice value arising on account of pre-payment of usance export bills, IBL may permit reduction to the extent of the proportionate interest relating to the unexpired usance period, calculated at the contractual rate or the applicable Alternative Reference Rate (ARR), as the case may be.

Where export bills have already been negotiated or sent on collection, IBL may permit reduction in export realisation after being satisfied regarding the bona fides of the request and supporting evidence submitted by the exporter.

9.5.9 Reduction or Non-Realisation for Transactions up to ₹10 Lakh

For export transactions where shipping bill or invoice is up to ₹10 lakh or its foreign currency equivalent, IBL may permit reduction, under-realisation or non-realisation of export proceeds based on a declaration submitted by the exporter in the format prescribed by the Bank and in accordance with FEMA 23(R).

Documentation requirements shall be as prescribed in Annexure I to this Policy.

9.5.10 Reduction, Under-Realisation or Non-Realisation Above ₹10 Lakh

Documentation requirements shall be as prescribed in Annexure I to this Policy.

IBL shall document its assessment and satisfaction regarding the reasons for reduction or non-realisation before approving the request and updating the corresponding EDPMS entry.

9.5.11 Over-Realisation of Export proceeds

Documentation requirements shall be as prescribed in Annexure I to this Policy.

IBL shall document its assessment and satisfaction regarding the reasons for over-realisation before approving the request and updating the corresponding EDPMS entry.

9.5.12 Write-off of Unrealised Export Receivables

Where export proceeds remain unrealised despite reasonable efforts by the exporter, IBL may permit write-off of export receivables in accordance with applicable FEMA regulations and delegated authority limits.

The exporter shall submit satisfactory documentary evidence demonstrating that genuine efforts have been made to realise the export proceeds.

Write-off requests may be considered in cases including:

- Overseas buyer declared insolvent or liquidated.
- Settlement through Indian Embassy, Foreign Chamber of Commerce or similar institution.
- Goods auctioned, destroyed or confiscated by Port, Customs or Health Authorities.
- Overseas buyer not traceable despite reasonable efforts.
- Undrawn balances remaining unrealisable.
- Recovery costs being disproportionate to the amount outstanding.
- Court decree obtained but recovery not possible.
- Insurance or ECGC settlement.
- Any other bona fide case supported by evidence.

IBL may also seek a Chartered Accountant's certificate, auditor certificate, legal opinion or any other supporting document wherever considered necessary.

Prior to permitting write-off, IBL shall ensure:

- The export transaction is not under investigation by any law enforcement or regulatory agency.
- Satisfactory documentary evidence has been submitted.
- The exporter has made reasonable efforts for recovery.
- Applicable export incentives, if any required under applicable regulations, have been surrendered or adjusted.
- Necessary EDPMS compliance requirements have been fulfilled.

Approved write-offs shall be appropriately reported and regularised in EDPMS.

9.5.13 ECGC and Insurance Settlements

Where claims relating to unrealised export bills have been settled by ECGC or insurance companies regulated by IRDAI, IBL may permit write-off of the corresponding export receivable upon receipt of satisfactory documentary evidence evidencing settlement of the claim.

Such cases shall be processed and reported in EDPMS in accordance with applicable FEMA and RBI guidelines.

9.5.14 Unrealised Export Proceeds and Regulatory Restrictions

Where export proceeds remain unrealised beyond one year after the applicable due date for realisation, including any extension granted by IBL, the exporter shall comply with the provisions of Regulation 13 of FEMA 23(R).

Accordingly, future export transactions with the specific overseas buyer responsible for the unrealised export receivable may be undertaken only against:

- Full advance payment; or
- An irrevocable Letter of Credit; or
- Such other safeguards as may be prescribed under applicable regulations.

This restriction shall apply only to transactions involving the concerned overseas buyer and shall not automatically apply to exports undertaken with other overseas buyers.

IBL shall monitor such cases through EDPMS and internal monitoring systems and ensure compliance with the applicable regulatory requirements.

Note - Exporters in RBI Caution List as on 30-Sep-2026 will continue to be governed by earlier RBI orders till removed from the Caution List.

9.5.15 Change of Authorised Dealer Bank

A change in the Authorised Dealer Bank shall not result in avoidance of obligations relating to unrealised export receivables.

Where an exporter transfers export operations to IBL from another Authorised Dealer Bank, IBL may obtain:

- NOC from the existing Authorised Dealer Bank.
- EDPMS status confirmation.
- Details of outstanding export receivables.
- Regulatory compliance status.

Any restrictions applicable under Regulation 13 of FEMA 23(R) shall continue to apply notwithstanding any change of banking arrangement. IBL shall maintain appropriate monitoring controls to identify and manage such cases.

9.6 Set-off

IBL may permit set-off of export receivables against import payables, or vice versa, in accordance with FEMA 23(R), RBI directions and internal policies, provided the Bank is satisfied regarding the bona fides of the underlying transactions and compliance with applicable regulatory requirements.

Set-off may be permitted:

- Between export receivables and import payables involving the same overseas buyer/supplier.
- Between export receivables and import payables involving overseas group companies or associate entities through a centralized settlement arrangement.
- In such other cases as may be permitted under the applicable regulatory framework.

9.6.1 Conditions for Set-off

The set-off arrangement shall be subject to the following conditions:

a. The underlying export and import transactions are genuine and supported by valid trade documents.
b. The export receivables and import payables are outstanding at the time the set-off is permitted.
c. The export receivable remains within the prescribed realization period or any extension period approved by IBL.

d. Import and export transactions have been undertaken in accordance with FEMA, the Foreign Trade Policy and other applicable regulations.
e. The transactions are not under investigation by the Directorate of Enforcement (ED), Central Bureau of Investigation (CBI) or any other law enforcement or regulatory agency.
f. The arrangement is operationalized and monitored through one Authorised Dealer Bank.
g. Set-off involving transactions with countries covered under the Asian Clearing Union (ACU) shall be undertaken only in accordance with applicable RBI regulations.
h. Set-off of export receivables relating to goods shall ordinarily be against import payables relating to goods and set-off of export receivables relating to services shall ordinarily be against import payables relating to services, unless otherwise permitted under the applicable regulatory framework.
i. The arrangement shall not result in tax evasion, tax avoidance or circumvention of regulatory requirements.
j. Third-party transaction guidelines shall be complied with wherever the arrangement involves group companies, associates or other third parties.

9.6.2 Documentation Requirements

Documentation requirements shall be as prescribed in Annexure I to this Policy.

9.6.3 Assessment and Approval

IBL shall assess each request on a case-by-case basis and satisfy itself regarding:

- The commercial rationale of the arrangement.
- Authenticity of the underlying trade transactions.
- Availability of an adequate audit trail.
- Proper identification of all parties involved.
- Absence of regulatory, legal or compliance concerns.

Additional due diligence may be undertaken for:

- Group companies and related-party transactions.
- Centralized treasury or in-house settlement arrangements.
- Transactions involving multiple entities.
- High-risk countries or jurisdictions.
- Complex cross-border settlement structures.

IBL shall endeavour to dispose of complete requests within a reasonable period, within 5 to 7 working days from receipt of all required information and documents.

9.6.4 Reporting and Regulatory Compliance

Each export and import transaction forming part of the set-off arrangement shall continue to be reported separately on a gross basis in EDPMS, IDPMS, FETERS and other applicable regulatory reporting systems.

Upon approval of the set-off:

- IBL shall appropriately update, regularise or close the corresponding EDPMS and IDPMS entries.
- The designated set-off indicator shall be used in the applicable regulatory system.

- Relevant Shipping Bill, EDF, Bill of Entry, invoice and party details shall be appropriately recorded.
- Complete records of approvals, supporting documents and audit trails shall be maintained for regulatory, audit and compliance purposes.

IBL may seek clarification, supporting evidence or additional approvals wherever considered necessary to ensure full compliance with applicable FEMA, RBI and internal policy requirements.

9.7 Third-party Receipts

IBL may permit receipt of export proceeds from a person other than the overseas buyer named in the export contract or export declaration, subject to compliance with FEMA 23(R), the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023, RBI directions and the Bank's internal risk management framework.

Third-party receipts shall be permitted only where the Bank is satisfied regarding the bona fides of the underlying export transaction, the legitimacy of the third-party arrangement and compliance with applicable regulatory requirements.

9.7.1 Conditions for Permitting Third-Party Receipts

IBL may permit third-party receipts where:

- The underlying export transaction is genuine and supported by appropriate trade documents.
- The relationship between the exporter, overseas buyer and third-party remitter is adequately established.
- A valid commercial rationale exists for the third-party payment arrangement.
- Documentary evidence supporting the third-party arrangement is available.
- All payments are received through normal banking channels.

9.7.2 Documentation Requirements

Documentation requirements shall be as prescribed in Annexure I to this Policy.

9.7.3 Due Diligence and Risk Assessment

IBL shall undertake appropriate due diligence before permitting a third-party receipt and shall satisfy itself regarding:

- Identity and bona fides of the third-party remitter.
- Relationship between the exporter, overseas buyer and third party.
- Genuineness of the underlying export transaction.
- Commercial justification for the third-party payment arrangement.
- Consistency between export documents, remittance details and contractual arrangements.

Additional scrutiny, enhanced due diligence and approval may be undertaken in cases involving:

- Multiple intermediaries.
- Payments originating from unrelated entities.
- Complex settlement structures.
- High-risk countries or jurisdictions.
- Sanction-sensitive transactions.
- Transactions involving unusual payment flows or documentation.

9.7.4 Third Country Payments and Currency Mismatch

IBL may permit export proceeds to be received from a third country and/or in a currency different from the invoice currency, provided:

- The arrangement is permitted under applicable FEMA and RBI regulations.
- The exporter provides a valid commercial explanation for the structure.
- The underlying trade transaction is genuine and commercially justified.
- Currency conversion is undertaken at prevailing market exchange rates.

Such transactions may be subjected to enhanced monitoring where the settlement structure presents elevated compliance, operational or regulatory risk.

9.7.5 Reporting and Monitoring

Outstanding export receivables shall continue to be monitored and reported in the name of the exporter in EDPMS. as applicable, IBL may record the third-party remitter as the party from whom export realization is expected.

IBL shall maintain complete records of third-party receipt arrangements, including supporting documents, approvals, due diligence records and correspondence, for audit, compliance and regulatory inspection purposes.

9.8 Export Advances

IBL may permit exporters to receive advance payments against exports of goods, services and software in accordance with FEMA 23(R), the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023, and RBI directions issued from time to time.

IBL shall undertake appropriate due diligence regarding the genuineness and bona fides of the underlying export transaction before accepting and processing any export advance.

The Bank shall ensure:

- Proper declaration and reporting of export advances.
- Monitoring of export obligations against the advance received.
- Compliance with the terms of the underlying export contract.
- Timely reporting and regularisation of advance entries in EDPMS.
- Appropriate monitoring of outstanding export advances until shipment, rendering of services, regularisation or closure.

9.8.1 Eligibility and Conditions for Acceptance of Export Advances

IBL may permit receipt of advance payments against exports where it is satisfied regarding the legitimacy of the transaction and the ability of the exporter to fulfil the export obligation.

Before accepting an export advance, IBL shall ensure that:

- The exporter is an existing customer and has completed applicable KYC requirements.
- The underlying export transaction is permissible under the Foreign Trade Policy and FEMA.
- Appropriate due diligence has been carried out on the overseas buyer, wherever considered necessary.

- The advance payment relates to a genuine export transaction and is intended to be utilized for execution of the export contract.
- The exporter is not subject to any adverse regulatory restriction, caution listing or prohibition that would prevent processing of the transaction.
- Progress payments, where applicable, are received in accordance with the underlying export contract.
- Appropriate controls are in place to prevent duplicate financing or unjustified multiple funding against the same export order.

IBL may seek enhanced due diligence or additional approvals based on customer profile, transaction value, jurisdiction, nature of goods or services, or other risk factors.

9.8.2 Timelines for Fulfilment of Export Obligation

Under FEMA 23(R), no specific regulatory timeline has been prescribed for shipment of goods or rendering of services against export advances. Accordingly, fulfilment of the export obligation shall ordinarily be governed by the terms of the underlying export contract.

As a matter of internal monitoring:

- Export of goods, services and software against advance payment should ordinarily be completed within the contractual timeline agreed between the exporter and the overseas buyer.
- Export transactions involving fulfilment periods extending beyond twoyears from the date of receipt of advance may be permitted based on enhanced due diligence and such additional documentation as may be prescribed under the Bank's internal policy.
- Exporters shall promptly notify IBL of any anticipated delay in shipment or performance of services.

Where the export obligation is not fulfilled within the contractual period, the exporter shall provide a written explanation together with supporting documentary evidence for the delay.

9.8.3 Routing of Export Advances

Export advance receipts and subsequent export realisation, wherever feasible, shall be routed through the same Authorised Dealer Bank.

Where advance receipts and export realisation are routed through different Authorised Dealer Banks, the exporter shall provide documentary evidence confirming that all concerned Authorised Dealer Banks have been informed of the arrangement.

IBL shall ensure appropriate coordination and monitoring of EDPMS obligations in such cases.

9.8.4 Change of Authorised Dealer Bank

Export advance transactions shall ordinarily continue to be monitored by the Authorised Dealer Bank through which the advance was originally received.

Where an exporter seeks to transfer monitoring responsibility to IBL, the exporter shall submit:

- Written request for change of Authorised Dealer Bank.
- Confirmation or transfer advice from the existing Authorised Dealer Bank.
- Status of outstanding export advance and corresponding EDPMS references.

- Underlying export contract, purchase order, sales agreement or equivalent supporting documents.
- Any other document required by IBL.

Prior to accepting such transfer, IBL shall undertake appropriate due diligence regarding the outstanding position, regulatory compliance status and completeness of records.

Upon acceptance of transfer, IBL shall assume responsibility for monitoring export obligation, realisation and EDPMS compliance.

9.8.5 Documentation for Acceptance of Export Advances

Documentation requirements shall be as prescribed in Annexure I to this Policy.

9.8.6 Interest on Export Advances

Interest payable, if any, on advance receipts against exports shall be in accordance with the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time, and any directions issued by the Reserve Bank of India. IBL shall ensure that the interest rate is consistent with the prevailing regulatory framework and is commensurate with market conditions and the underlying commercial arrangement.

IBL shall ensure that:

- The applicable regulatory ceiling is not exceeded.
- Interest payments are consistent with the underlying export contract.
- Appropriate documentary evidence supporting the interest claim is available.

Interest received on account of delayed realization of export proceeds shall be governed by the contractual arrangement between the exporter and the overseas buyer and applicable FEMA provisions.

9.8.7 Monitoring of Export Advances

IBL shall monitor all export advances through EDPMS and internal monitoring systems until the export obligation is fulfilled, and the advance is appropriately regularised.

The monitoring process shall include:

- Tracking of advance receipts and related export obligations.
- Monitoring shipment or service completion against the advance received.
- Follow-up with exporters for pending export obligations.
- Monitoring of long-outstanding advances.
- Review of cases involving contract amendments, delayed shipment or non-performance.
- Timely updating and regularisation of EDPMS records.

For internal monitoring purposes, IBL may adopt appropriate ageing for monitoring long-outstanding export advances, without prejudice to the contractual terms of the underlying export transaction.

9.8.8 Refund of Export Advances

Where an exporter is unable to fulfil the export obligation, either fully or partly, and seeks refund of the export advance received from the overseas buyer, IBL may permit such refund in accordance with FEMA 23(R), RBI directions and the Bank's internal approval framework.

Prior to processing the refund, IBL shall undertake appropriate due diligence regarding the bona fides of the transaction, the reasons for non-performance of the export contract and the regulatory permissibility of the proposed refund.

Documentation requirements shall be as prescribed in Annexure I to this Policy.

Where the refund involves a material amount, prolonged outstanding advance, regulatory exception, or any unusual circumstance, the transaction shall be processed in accordance with the Bank's approval and escalation matrix.

IBL shall ensure appropriate updating, closure or regularisation of the corresponding EDPMS entry upon processing of the refund and shall retain all supporting documents for audit and regulatory purposes.

9.9 Other Remittances Related to Exports

9.9.1 Payment of Agency Commission on Exports

IBL may permit payment of agency commission in connection with export transactions either by way of outward remittance or by deduction from the export invoice value, subject to compliance with applicable FEMA regulations and satisfaction regarding the bona fides of the transaction.

The remittance of export commission may be permitted subject to the following conditions:

a. The commission is declared in the EDF, SOFTEX form, export invoice or other relevant export documentation and is supported by the underlying agency agreement, commission arrangement or other documentary evidence.

b. Where the commission was not declared at the time of export, IBL may permit the remittance after satisfying itself regarding the reasons for non-declaration and upon verification of a valid agreement or written understanding between the exporter and the overseas agent.

c. The underlying export transaction has been completed and the related shipment of goods or rendering of services has taken place.

d. The commission payment is supported by a genuine commercial arrangement.

In respect of exports undertaken under counter-trade arrangements routed through designated Escrow Accounts, IBL may permit payment of commission subject to:

- Compliance with the above conditions.
- The commission not being payable to the Escrow Account holder itself; and
- The commission not being deducted from the export invoice value.

Commission payments shall not be permitted in cases prohibited under applicable FEMA regulations, RBI directions or Government notifications from time to time.

9.9.2 Refund of Export Proceeds

IBL, being the Authorised Dealer through which export proceeds were originally realised, may permit refund of export proceeds where goods exported from India are returned, rejected, re-imported or otherwise not accepted by the overseas buyer for genuine commercial reasons.

Before permitting such refund, IBL shall verify bona fides of the transaction and documents presented by exporter

Documentation requirements shall be as prescribed in Annexure I to this Policy.

9.9.3 Export Claims

IBL may permit remittance of export claims arising after realisation of export proceeds, subject to satisfaction regarding the genuineness of the claim and compliance with applicable regulations.

Such claims may include:

- Quality claims.
- Warranty claims.
- Post-sale commercial adjustments.
- Price adjustment claims.
- Settlement of contractual obligations.
- Any other bona fide export-related claim.

The remittance may be permitted provided:

- The underlying export proceeds have already been realised and repatriated to India.
- Satisfactory documentary evidence supporting the claim is submitted.
- The exporter is not subject to any regulatory restrictions that would prohibit processing of the claim.
- IBL is satisfied regarding the commercial rationale and genuineness of the request.

Where export incentives have been availed in respect of the underlying export transaction, the exporter shall furnish evidence of surrender, reversal or adjustment of the proportionate export incentives, wherever required under the applicable Foreign Trade Policy or other regulations.

IBL shall maintain complete records of the claim, supporting documents, approvals and remittance details for audit, compliance and regulatory purposes.

9.10 Export of Goods and Services against Repayment of State Credit Arrangements

Export transactions undertaken against repayment of State Credits extended under Government-to-Government arrangements between India and the erstwhile USSR shall be handled in accordance with the specific directions, operational guidelines and procedures issued by RBI and other competent authorities from time to time.

IBL shall ensure that exports under such arrangements are strictly undertaken in accordance with the applicable State Credit framework and shall comply with any conditions prescribed under the relevant bilateral arrangements.

In particular, IBL shall ensure that:

- Exports under the State Credit repayment arrangement are destined only for Russia or such other jurisdictions specifically permitted under the applicable Government-to-Government arrangement.
- Third-country exports shall not be permitted unless specifically authorised under the relevant regulatory framework.

- The transaction complies with the specific operational requirements prescribed by RBI for State Credit exports.
- Realisation, reporting, monitoring and settlement are undertaken in accordance with the prescribed State Credit framework and not under the ordinary commercial export procedures applicable to other export transactions.

Since FEMA 23(R) does not prescribe a separate operational framework for handling State Credit exports, IBL shall follow the extant RBI instructions governing such transactions, as amended from time to time. Such instructions shall prevail over the general provisions applicable to export transactions wherever specifically provided.

9.10.1 Documentation Requirements

Exporters undertaking exports under State Credit arrangements shall submit such documents and information as may be prescribed by RBI, Government authorities and the applicable bilateral arrangement.

Documentation requirements shall be as prescribed in Annexure I to this Policy.

9.10.2 Mode of Receipt of Export Proceeds

The mode of receipt, settlement and accounting of export proceeds under State Credit arrangements shall be governed exclusively by the specific RBI instructions and Government-to-Government arrangements applicable to the transaction.

Accordingly:

- Export proceeds may be settled through rupee-denominated debt repayment arrangements, designated accounts, escrow arrangements or such other mechanisms as prescribed by RBI.
- Standard commercial receipt mechanisms applicable to ordinary export transactions shall apply only where specifically permitted under the State Credit framework.
- IBL shall process, account for and report such receipts in accordance with the applicable RBI instructions and settlement procedures.

9.10.3 Shipment Prior to Receipt of Letter of Credit

Where permitted under the applicable State Credit arrangement or RBI guidelines, shipment of goods may be undertaken prior to receipt of a Letter of Credit (LC) or other payment instrument.

Before permitting such transactions, IBL shall undertake appropriate due diligence that:

- The shipment is permissible under the relevant State Credit framework.
- Appropriate contractual and regulatory approvals are available.
- All documentary and compliance requirements have been fulfilled.
- The transaction is supported by the prescribed Government-to-Government arrangement.

IBL shall maintain appropriate documentation and monitoring controls for such transactions and ensure compliance with the applicable regulatory requirements throughout the transaction lifecycle.

9.10.4 Monitoring and Reporting

IBL shall maintain appropriate controls for monitoring export transactions undertaken under the State Credit framework until:

- Export obligations are completed.
- Export proceeds are realised or settled in the prescribed manner.
- Applicable reporting requirements are fulfilled.
- The corresponding EDPMS entries and related records are appropriately regularised or closed.

Any exceptions, delays, disputes or non-compliance identified in relation to State Credit exports shall be escalated through the Bank's prescribed governance and exception management framework.

9.11 Other Export-Related Provisions

9.11.1 Shipments Lost in Transit

Where goods exported from India are lost, damaged or destroyed in transit before realization of export proceeds, IBL shall ensure that appropriate action is initiated for recovery of the insurance claim or compensation payable in respect of the shipment.

The Bank shall ensure that:

- The exporter lodges an insurance claim immediately upon becoming aware of the loss.
- Appropriate documentary evidence relating to the loss, insurance claim and settlement is obtained.
- Where the insurance claim is payable outside India, the full claim amount due is collected and repatriated through normal banking channels.
- Any compensation, settlement or recovery received from shipping companies, airlines, insurers or other parties is repatriated to India in accordance with applicable FEMA requirements.
- The corresponding EDPMS entry is updated and regularised based on the insurance claim settlement or other recovery mechanism.

The exporter shall submit supporting documents including:

- Insurance claim documents.
- Carrier liability settlement documents.
- Survey reports, where applicable.
- Correspondence with insurers, carriers or overseas buyers.
- Any other documents required by IBL.

Any exception or deviation from the prescribed process shall be approved in accordance with the Bank's internal approval and escalation framework.

9.11.2 Change of Overseas Buyer or Consignee

IBL may permit change of the overseas buyer or consignee after shipment of goods where the original buyer has defaulted, cancelled the order or is unable to take delivery of goods, subject to satisfaction regarding the bona fides of the transaction.

Before permitting such changes, IBL shall undertake appropriate due diligence regarding:

- Commercial justification for the change.
- Genuineness of the revised arrangement.
- Continued compliance with FEMA, Foreign Trade Policy and Customs requirements.
- Prospects of realization of export proceeds within the applicable realization period.
- Documentation requirements shall be as prescribed in Annexure I to this Policy.

9.11.3 Opening or Hiring of Warehouses Outside India

IBL may permit eligible exporters to open or hire warehouses outside India in accordance with FEMA 23(R), RBI directions and the Bank's internal policies.

IBL shall undertake appropriate due diligence regarding:

- The export track record of the exporter.
- The commercial necessity of the overseas warehouse arrangement.
- Compliance with realization and repatriation requirements.
- Adequacy of monitoring arrangements.

The exporter shall ordinarily:

- Route all warehouse-related export transactions through the designated Authorised Dealer Bank.
- Comply with reporting and realization requirements applicable to goods exported to overseas warehouses.
- Provide periodic information relating to warehouse inventory, sales and realization of export proceeds, whenever required by IBL.

Permissions may initially be granted for a specified period and reviewed periodically based on compliance, utilization and export performance.

IBL shall maintain appropriate records of all warehouse approvals granted.

9.11.4 Bharat Mart Warehouse Arrangements

IBL may process transactions relating to warehousing arrangements established under Bharat Mart or similar overseas warehousing initiatives permitted by RBI or Government authorities.

Eligible exporters holding a valid Importer Exporter Code (IEC) may be permitted to:

- Open or hire warehouse facilities under the applicable framework.
- Remit funds for warehouse setup, maintenance and operational expenses.
- Realize export proceeds from goods sold through such warehouses within the timelines prescribed under FEMA and RBI regulations.

The exporter shall submit bona fide documentary evidence supporting warehouse-related expenses and operational requirements.

IBL shall monitor realization and repatriation of proceeds from such arrangements in accordance with applicable FEMA provisions.

9.11.5 Consignment Exports

IBL may permit exports on consignment basis subject to compliance with FEMA regulations and the Bank's internal procedures.

Prior to undertaking consignment exports, the exporter shall obtain approval from IBL and submit the relevant shipping and commercial documents.

IBL shall ensure that:

- Export documents are routed through IBL or its overseas branch/correspondent, wherever required.
- Appropriate arrangements exist for collection and remittance of sale proceeds.
- Realization of export proceeds is monitored through EDPMS.

Agents or consignees may deduct normal and reasonable expenses incurred towards storage, handling, warehousing, freight, delivery and sale of goods before remitting net proceeds to the exporter.

Documentation requirements shall be as prescribed in Annexure I to this Policy.

9.11.6 Export of Currency

Export of Indian currency shall be governed by the Foreign Exchange Management (Export and Import of Currency) Regulations and RBI directions issued from time to time.

Any export of Indian currency beyond the limits permitted under the applicable regulations shall require the approval of RBI or such other authority as may be prescribed.

IBL shall process requests relating to export of currency only in accordance with the prevailing FEMA and RBI framework.

9.11.7 Guarantees Relating to Export Transactions

IBL may issue guarantees, counter-guarantees and other trade-related undertakings connected with export transactions in accordance with FEMA, RBI directions and the Bank's Credit Risk Policy.

IBL may issue:

- Bid Bonds.
- Performance Guarantees.
- Advance Payment Guarantees.
- Warranty Guarantees.
- Retention Money Guarantees.
- Counter Guarantees.
- Any other export-related guarantee permitted under the applicable regulatory framework.

IBL may also issue guarantees:

- In favour of persons resident outside India for obligations arising from bona fide export transactions undertaken by resident exporters.
- In favour of persons resident in India in respect of obligations of overseas counterparties, provided appropriate counter-guarantees or risk mitigants acceptable to the Bank are available.

Where an overseas buyer requires a guarantee to be issued by a bank located in its jurisdiction, IBL may provide a counter-guarantee in favour of its overseas branch or correspondent bank, subject to applicable regulations and internal credit approval requirements.

All such guarantees shall be subject to:

- Compliance with FEMA and RBI regulations.
- Availability of appropriate credit limits and approvals.
- Compliance with the Bank's Credit Risk policy.

10. Import Transactions

Import of Goods and Services into India is being allowed in terms of Section 5 of the Foreign Exchange Management Act 1999 (42 of 1999), read with Notification No. G.S.R. 381(E) dated May 3, 2000 viz. Foreign Exchange Management (Current Account Transaction) Rules, 2000. These Regulations are amended from time to time to incorporate the changes in the regulatory framework and published through amendment notifications.

Within the contours of the Regulations, Reserve Bank of India also issues directions to Authorised Persons under Section 11 of the Foreign Exchange Management Act (FEMA), 1999. These directions lay down the modalities as to how the foreign exchange business has to be conducted by the Authorised Persons with their customers/constituents with a view to implementing the regulations framed.

Purpose of this document is to bring uniformity and clarity in handling of all import and trade credit transactions handled by IndusInd Bank (IBL) and to ensure that all import and trade credit transactions are done in line with applicable laws/guidelines/regulations. This Policy will act as guiding document for all import and trade credit transactions.

10.1 Import Payment

10.1.1 Methods of Import Payment

All import transaction types/methods including but not limited to the following will be handled by the Bank:

1. Advance Payment: Payment made for goods and Services before goods/services are dispatched.
2. Documents on Collection: Documentary Collection is an important bank payment method under, which the sale transaction is settled by the bank through an exchange of documents. In this process the sellers instruct his bank to forward documents related to the sale and title of goods to the buyer's bank with a request to present these documents to the buyer for payment, indicating when and on what conditions these documents can be released to the buyer.

   Documents are sent by the seller to the buyer through Seller’s and Buyer’s Bank. These can either be:

   a) Documents against Payment (DP): Documents against payment require the buyer to pay the face amount of the draft at sight. In other words, the payment must be made to the bank when the buyer is presented with the draft, and before any shipping documents are released.
   b) Documents against acceptance (DA): Documents against acceptance require the importer to pay on a specified date or a usance period. Once the buyer accepts the time draft for payment on due date, the bank releases the documents to the buyer.

3. Open account: In case of an open account, buyer takes the delivery of good and ensures the supplier to make the payment at some specific date in the future. Buyer is also not required to issue any negotiable instrument evidencing his legal commitment to pay at the appointed time.
4. Documentary Credit: Under Documentary Credit, a letter of credit is issued by the buyer’s Bank guaranteeing to the supplier that the bank will pay mentioned amount in the letter of credit as per the terms and conditions mentioned in the Letter of Credit. . In this method of payment, Bank plays an intermediary role to help complete the trade transaction. The bank deals only in documents and does not inspect the goods themselves. Letters of Credit are issued subject to the Uniforms Customs

& Practice for Documentary Credits (UCPDC)(UCP 600). This set of rules is produced by the International Chamber of Commerce.

10.1.2 Time limit for Normal Imports

In terms of the extant regulations, remittances against imports should be completed within the period specified in the underlying contract. Client to submit underlying invoice/Proforma invoice/purchase order etc and due date to be captured in IDPMS for each BOE as per underlying contract/invoice.

Accordingly, the maximum permissible usance period shall remain up to one year from the date of shipment for imports of non-capital goods, including raw materials, and up to three years from the date of shipment for imports of capital goods. Any import transaction involving deferred payment terms shall be subject to compliance with the applicable RBI Trade Credit regulations and related reporting requirements, as amended from time to time.

Import payments may be effected even after three years from the date of import, subject to the Bank being satisfied regarding the bona fides of the delay and compliance with applicable regulatory requirements. The importer shall provide appropriate justification and supporting documentation for the delay, and the Bank shall undertake necessary due diligence before permitting the remittance.

Where the payment period for an import transaction exceeds three years and the transaction falls within the scope of the External Commercial Borrowings (ECB) framework based on its structure, tenor, or underlying arrangement, the transaction shall be subject to the extant ECB regulations. Accordingly, such transactions shall be examined and processed in accordance with the applicable RBI guidelines on ECB, including eligibility, reporting, compliance, and other requirements prescribed thereunder, as amended from time to time.
Any import transaction involving payment terms extending beyond the limits prescribed under the Trade Credit Regulations shall continue to be governed by the provisions of the FEMA Borrowing and Lending Regulations, as amended from time to time, along with the applicable regulatory approvals, reporting, and compliance requirements.

The existing Trade Credit regulatory framework shall continue to apply to import transactions involving a usance period beyond 180 days. Accordingly, transactions that qualify as Trade Credit and are subject to reporting, monitoring, or compliance requirements under the extant RBI Master Direction on Trade Credit.

For import of services, the permissible usance period is aligned with that applicable to imports of goods, namely up to one year for services of a short-term nature and up to three years where such services form part of capital expenditure and are capitalized in the books of the importer. Where the usance period exceeds 180 days from the date of the invoice, the transaction shall be subject to the applicable Trade Credit framework, including reporting and compliance requirements, and may be eligible for Trade Credit financing in accordance with extant RBI guidelines. The period of financing shall be reckoned from the date of the underlying service invoice.

Bank is required to monitor IDPMS entries of importer clients and follow up with the respective importer for making payment for its imports within the period specified in the underlying contract/invoice.

10.1.3 Delayed Import payment

The time-period for completion of import into India shall be as per the terms agreed between the importer and the overseas supplier under the underlying contract. In general, payment terms of up to one year for imports of raw materials, services, and software, and up to three years for imports of capital goods, may be permitted. Contracts providing for longer tenors may be considered on an exceptional basis, subject to an assessment of the merits of the case, the underlying commercial rationale, regulatory permissibility, and the Bank's comfort with the transaction and the customer relationship.

Delayed import payments may be effected with or without interest, subject to compliance with the applicable regulatory framework. Where the delayed payment involves payment of interest, the transaction shall be governed by the extant Trade Credit or External Commercial Borrowing (ECB) regulations, as applicable, including adherence to the prescribed eligibility, reporting, and compliance requirements. The importer shall submit a written explanation detailing the reasons for the delay in payment, along with any supporting documents as may be required by the AD Bank to establish the bona fides of the transaction.

No approval will be required for delayed import payment provided:

a. That the client submits the reason for delay in line with the RBI guidelines, permitting such delay payments.
b. Relevant Bill of Entry (BOE) details /copy which is verified in Icegate and TRRACS/IDPMS.
c. All other transactional checks, due diligence, screening from AML /sanctions perspective and the need of approval for any other reasons is held on record.
d. Transaction is permissible within the extant RBI guidelines.
e. Delay is not exceeding three years for import of raw material, services and software and four years for capital goods.

The above revised guidelines are not applicable to clients dealing in Import of Platinum / Palladium / Rhodium / Silver / Rough, Cut & Polished Diamonds / Precious and Semi-precious Stones.

For the cases whereas payment is beyond 3 years from the date of shipment date, transaction would be handled as per internal SOP for “Delayed Import Payment beyond 3 years - without any usance interest or overdue interest”.

10.2 Extension of Import Payment & Write off

10.2.1 Extension of Time for Import Payments

Bank may permit extension of time for settlement of import payments beyond the due date stipulated in the underlying contract or invoice, subject to satisfaction regarding the bona fides of the delay and compliance with applicable regulatory requirements. Bank may seek additional clarifications, declarations or documentary evidence, wherever considered necessary. Appropriate records of approvals, supporting documents and assessment carried out shall be maintained for audit, inspection and regulatory purposes.

10.2.2 Procedure

- The importer shall submit a written request seeking extension of time before, or after, the contractual due date.

- The request shall specify the reasons for delay, such as quality or quantity disputes, documentary discrepancies, commercial disputes, financing constraints, or any other genuine business reason.
- The request shall contain details of the underlying import transaction, including invoice, Bill of Entry and other relevant transaction references.
- The Bank shall assess the reasons cited and record its satisfaction before granting the extension.
- Approvals shall be accorded in accordance with the approval matrix, taking into account the transaction value, ageing of the outstanding payment and customer risk profile.

10.2.3 Period of Extension

- Request for granting extension of time for settlement of import dues up to a period of six months at a time (maximum up to the period of three years for Raw Materials and 4 years for Capital Goods) may be considered by the Bank irrespective of the invoice value.
- No specific maximum period has been prescribed for delayed import payments under the applicable regulations. Extensions may be granted on a case-by-case basis, as per approval grid subject to the Bank being satisfied with the reasons for delay and the customer's commitment to settle the outstanding obligation.

10.2.4 Documentary Requirements

The importer shall submit the following, as applicable:

- Written request for extension, stating the reasons for delay.
- Copy of the commercial invoice.
- Copy of the Bill of Entry or other evidence of import.
- Supporting documents evidencing the cause of delay, such as:
    - Disputes about quantity or quality, financial difficulties
    - Correspondence relating to quality or quantity disputes.
    - Documentary discrepancy communications.
    - Commercial claim documents; or
    - Non-fulfilment of terms of contract
    - Financing-related correspondence.
    - Cases where importer has filed suit against the seller
- Revised payment schedule or settlement plan, where the delay is prolonged.
- Any other documents or information as may be required by the Bank for assessment of the request.

However, interest if any, on such delayed payments, shall not exceed the all-in-cost ceiling of trade credit in terms of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time.

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

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

- Cases not covered by the above instructions / beyond the above limits, could be processed based on approvals as per approval/deviation Matrix.
- The above shall be reported in IDPMS as per message “Bill of Entry Extension” and the date up to which extension is granted will be indicated in “Extension Date” column.

10.2.5 Write off

Bank may close the BoE in IDPMS for import transactions where import transaction has been settled at reduced value and BOE write off request is submitted for various reasons like on account of quality issues; short shipment or destruction of goods by the port / Customs / health authorities, rebate or discount provided by overseas exporter etc subject to submission of satisfactory documentation by the importer, irrespective of the amount involved.

The above operational guidelines for extension and write off are meant to facilitate closure of bills in IDPMS and not absolve the importer from remitting / receiving the amount in case of change in circumstances.

While allowing write off, bank will ensure that:

- The case is not the subject matter of any pending civil or criminal suit.
- The importer has not come to the adverse notice of the Enforcement Directorate or the Central Bureau of Investigation or any such other law enforcement agency; and
- There is a system in place under which internal inspectors or auditors of the Bank (including external auditors appointed by the bank) should carry out random sample check / percentage check of write-off of import bills.

10.3 Advance Import Payment

10.3.1 Advance Remittance of Import of Goods

Bank to permit advance remittance for import after satisfying itself of the genuineness of the requirement for advance remittance. To ascertain the genuineness of the requirement for advance remittance, the Bank shall obtain and review the underlying import contract, purchase order, proforma invoice or other commercial documents evidencing the advance payment terms, together with the overseas buyer's/supplier's name screening and any demand note or invoice raised by the counterparty, wherever applicable.

For import advance remittances exceeding the Bank's prescribed threshold, the customer shall additionally provide an appropriate security mechanism, such as a Standby Letter of Credit (SBLC) or Bank Guarantee issued by an internationally reputed bank, or an AD Bank guarantee backed by a counter-guarantee from such bank.

Bank to consider specific thresholds as mentioned below for advance payment, beyond which, the payment may require a standby Letter of Credit or Bank guarantee or waiver as mentioned below:

(a) Remittance exceeding USD 200,000 up to USD1,000,000 (USD One Million) : Approval from Zonal Segment Head and Head Trade Sales (Segment) with a copy to Segment Head

(b) Remittance exceeding USD 1 Mio up to USD5,000,000 (USD Five Million equivalent) Approval from BU Head and Head Trade Sales (Segment)

(c) Remittance exceeding USD5,000,000 (USD Five Million equivalent): Approval from Mancom-1 and Head TBG

Advance Remittance transactions for all importers which are neither Public Sector Company nor a Department/Undertaking of the Government of India/State Government/s, would be permitted without a Bank Guarantee/SBLC up to an amount of USD5,000,000 (USD Five Million) subject to the following:

(a) Such transactions to be done for customers having a minimum vintage of 6 months with the Bank. Exceptions if any, need to be approved jointly by Business Head (Segment) and Head Trade Sales (Segment) at transaction level.

(b) No outstanding Bill of Entry for the customer beyond permissible time limits as per prevailing RBI guidelines and procedural control. Deviations if any can be approved by approving authority for outstanding bill of entries as per existing trade deviation matrix can be obtained.

(c) Customer should have satisfactory track record with the Bank.

(d) Satisfactory opinion report for advance remittance exceeding USD 2,00,000

(e) Customer to submit a request letter accompanied by Proforma Invoice indicating Importer/Exporter, Goods, Currency and amount, in which parties and amounts should match remittance request and should also mention Advance Payment as payment terms.

(f) Declarations for FEMA and free Importability of the Goods or as the case may be.

(g) All other regulatory guidelines in connection with imports and cross border transactions to be complied with.

(h) Approval of Zonal Segment Head and Head Trade Sales (Segment) with a copy to Segment Head for advance remittance up to USD1,000,000 (USD One Million) or equivalent And approval from BU Head and Head Trade Sales (Segment) for advance remittance up to USD5,000,000 (USD Five Million equivalent)

(i) For Public Sector Company or a Department / Undertaking of Central /State Governments, the AD Category - I bank shall ensure that the requirement of bank guarantee has been specifically waived by the Ministry of Finance, Government of India for advance remittances exceeding USD 100,000.

(j) An Undertaking from the importer stating that:

- Physical import of goods into India will be made within the period specified in the contract
- Documentary evidence of import will be furnished within fifteen days from the close of the relevant period. Where advance is paid as milestone payments, the date of last remittance made in terms of the contract will be reckoned for the purpose of submission of documentary evidence of import
- In the event of non-import of products/services, the amount of advance remittance will be immediately repatriated to India

10.3.2 Advance Remittance for Import of Aircrafts/Helicopters and other Aviation Related Purchases and Shipping Vessels

Advance remittances of up to USD 50 million per aircraft, helicopter, or other aviation-related purchase may be permitted without obtaining a Bank Guarantee (BG) or an unconditional and irrevocable Standby Letter of Credit (SBLC) in the following cases:

1) Entities permitted under the prevailing Foreign Trade Policy to import aircraft or helicopters, including used or second-hand aircraft and helicopters; or
2) Any person or entity that has been granted approval by the Directorate General of Civil Aviation (DGCA) to operate Scheduled Air Transport Services or Non-Scheduled Air Transport Services (including Air Taxi Services),

Advance remittance relates to the direct import of the aircraft, helicopter, or other eligible aviation-related purchases and is subject to compliance with below additional conditions specified below.

(a) Advance payments should be made strictly as per the terms of the sale contract and directly to the account of the manufacturer (supplier) concerned.
(b) KYC and due diligence exercise should be done for the Indian importer entity and the overseas manufacturer company as well. KYC of the manufacturing company to be taken from the overseas banker of manufacturing company.
(c) All requisite in principle approval of the Ministry of Civil Aviation in case of Scheduled Air Service Operators and in other cases approval of the Director General of Civil Aviation / other agencies in terms of the extant Foreign Trade Policy should be in place prior to making the remittance. In, approval to be taken as per revised delegation matrix.
(d) Prior approval of the concerned Regional Office of the Reserve Bank will be required in case of Non submission of Ministry approval or DGCA approval as stated above.

For Remittance above USD 50 Mio approval from Mancom -1 and Head Trade Sales (Segment) to be taken as per deviation Matrix.

10.3.3 Advance Remittance for Import of Rough Diamonds

Advance payment to overseas mining companies on request of importer (other than Public Sector Company or Department / Undertaking of Government of India / State Government) may be permitted by the Bank without any limit / bank guarantee/ stand-by letter of Credit. Banks must ensure the following additional conditions:

- Where advance remittance is proposed for import of rough diamonds from an overseas mining company identified or recommended by the Gem & Jewellery Export Promotion Council (GJEPC), the Bank may consider such recommendation as one of the factors in its overall due diligence process. However, the recommendation shall not be construed as a regulatory approval and shall not dispense with the Bank's responsibility to satisfy itself regarding the bona fides of the transaction, the credentials of the overseas supplier, the underlying import contract, the advance payment terms, and compliance with applicable KYC, AML, sanctions, FEMA, RBI and trade regulatory requirements.
- The importer should be a recognised processor of rough diamonds and should have a good track record.
- Satisfactory Opinion report (Deferral/Waiver if any, need to be approved jointly by Business Head (Segment) and Head Trade Sales (Segment) at transaction level.)

- Further, due caution may be exercised to ensure that remittance is not permitted for import of conflict diamonds (Kimberly Certification).
- KYC and due diligence exercise should be done as per the existing KYC Policy of the Bank.
- Bank will follow-up for submission of the Bill of Entry / documents evidencing import of rough diamonds into the country by the importer, in terms of the Act / Rules / Regulations / Directions issued in this regard.

Bank to ensure generation of ORMs, BoE entries and BoE settlement with the respective ORMs etc. as per extant IDPMS guidelines

10.3.4 Advance Remittance for the Import of Services

Bank may allow advance remittance for import of services without any ceiling subject to the following additional conditions:

- Where the amount of advance exceeds USD 500,000 or its equivalent, a guarantee from a bank of international repute situated outside India, or a guarantee from an AD Category – I bank in India, if such a guarantee is issued against the counter-guarantee of a bank of international repute situated outside India, should be obtained from the overseas beneficiary.

Requirement for SBLC/BG	**Thresholds**
Threshold(s) for advance import remittance requiring SBLC/BG	For transaction exceeding below thresholds, refer approval/deviation Matrix for necessary approvals for waiver of SBLC/BG. A. Advance Remittance of Import of Goods 1. USD 2,00,000 & above 2. USD 2,00,000 to USD 1 Mio 3. USD 1 Mio to USD 5 Mio 4. Above USD 5 Mio B. Advance Remittance for Import of Aircrafts/Helicopters and other Aviation Related Purchases- Above USD 50 Mio C. Advance Remittance for the Import of Services – Above USD 5 Lakhs. PS: For Public Sector Company or a Department / Undertaking of Central /State Governments, the AD Category - I bank shall ensure that the requirement of bank guarantee has been specifically waived by the Ministry of Finance, Government of India for advance remittances exceeding USD 100,000.

10.3.5 Change of AD Bank for Advance import payment

- In case of advance payment for imports, an importer is required to route the advance payment and its subsequent payments, through the same Bank. However, an importer may route the

transactions through any other bank provided the importer has intimated the change to both the banks. Client to provide declaration to this effect at the time of making advance import payment.

- In case of change of AD bank for routing advance payment, the importer is required to submit a written request/intimation regarding the proposed change of AD Bank, addressed to both the existing AD Bank and the proposed AD Bank. The request should clearly identify the underlying transaction and provide details of the advance payment remitted.
- In addition, the customer shall provide the existing AD Bank's confirmation or transfer intimation, or alternatively, details of the outstanding advance position along with relevant EDPMS/IDPMS references, wherever applicable. Copies of the underlying export/import contract, purchase order, invoice, and any other documents required by the new AD Bank shall also be submitted to facilitate continuity of monitoring and compliance with the shipment or import obligations against the advance payment already made.

10.4 Import Not Materialised

Where an importer is unable to import within the contract period, or the extended period, post remittance of advance, the importer shall repatriate the advance payment without fail.

If the advance payment is not repatriated by the importer within the contract period or extended period, if any, as allowed by the bank, or where the ORM has not been marked off as per bank policy, any future advance payment for imports by the importer shall require an unconditional irrevocable SBLC or BG from an international bank of repute or a guarantee from an AD bank in India, issued against a counter guarantee of an international bank of repute.

Where an importer has previously defaulted in complying with the import obligation against an advance remittance, the conditions prescribed above shall apply only to future import transactions involving advance payments by such importer. The restriction does not extend to imports undertaken on documentary collection, open account, or Letter of Credit basis, which may continue to be processed in the normal course. Accordingly, the requirement for obtaining a Standby Letter of Credit (SBLC), Bank Guarantee, or such other prescribed security shall attach only to subsequent advance remittances and shall remain applicable until the earlier default is regularised to the satisfaction of the Bank.

In case importer is unable to import within contract period or extended period, the requirement for SBLC/BG for future advance payment shall continue until the underlying defaulted advance remittance is regularised. Regularisation may occur through submission of evidence of import, including the Bill of Entry and related import documents leading to closure of the corresponding IDPMS entry, or through repatriation of the advance amount by the overseas supplier, supported by appropriate inward remittance evidence. The requirement may also cease upon write-off of the outstanding entry in accordance with applicable regulatory provisions and the Bank's satisfaction regarding the reasons for such write-off. There is no automatic time-based expiry of this condition; it shall remain applicable until the specific defaulted transaction has been duly regularised and the corresponding IDPMS entry is closed.

A change of Authorised Dealer (AD) Bank does not, by itself, remove or negate the regulatory implications arising from an unresolved advance remittance. The conditions prescribed above are linked to the importer's compliance status in respect of the underlying transaction and not to the AD Bank through which the transaction is routed. Accordingly, where an earlier advance remittance remains unregularised, the applicable regulatory conditions shall continue to apply notwithstanding any change in the AD Bank. It shall be the responsibility of the importer to ensure compliance with the applicable

FEMA regulations and to regularise the outstanding transaction in accordance with regulatory requirements.

The Bank may, upon a request from the importer setting out the reasons for non-materialisation of the import, close the corresponding advance remittance entry in IDPMS in cases where the import has not taken place and repatriation of the advance amount is not feasible. Such closure may be permitted only after the Bank has satisfied itself regarding the genuineness of the reasons provided and has obtained such documentary evidence along with approvals as per deviation/approval matrix.

10.5 Import of Services

For remittances towards import of services to non-residents, the applicant shall comply with the applicable provisions of the Income-tax Act, including submission of Form 145 (earlier Form 15CA) and, wherever required, Form 146 (earlier Form 15CB) certifying the taxability of the remittance and compliance with withholding tax requirements before effecting the remittance.

10.6 Other Import related Provisions

10.6.1 Requirement of Import Licences of Import Transactions:

Except for goods included in the negative list which require licence under the Foreign Trade Policy in force, Bank will freely permit opening of letters of credit and allow remittances for import.

In cases where Import Licence is required, the 'For Exchange Control purposes' copy of the licence should be called for at the time of handling of transaction and adherence to special conditions, if any, attached to such licences should be ensured. After effecting remittances under the licence, the same should be endorsed for towards utilised amount. Copies of utilised licence /s shall be preserved till they are verified by the internal auditors or inspectors.

10.6.2 Use of Foreign Exchange by the Importer

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

Where foreign exchange acquired has been utilised for import of goods into India, the importer must furnish evidence of import viz., BoEs, Postal Appraisal Form or Customs Assessment Certificate etc. as applicable.

10.6.3 Evidence of Import

In case of all imports, irrespective of the value of foreign exchange remitted / paid for import into India, it is obligatory on the part of the bank to ensure that the importer submits evidence of import. Import of goods & services into India should be made within the period specified in the contract and the importer should give an undertaking to furnish documentary evidence of import within fifteen days from the date of shipment (Goods)/invoice (Service). Bank, if satisfied with the importer's request, may allow extension of time for import. In cases where the advance remittance has been made against a bank guarantee, the guarantee should be suitably amended, if need be, to cover the extended period for import of goods into India.

To facilitate closure of an outstanding entry in IDPMS, the importer shall submit either evidence of completion of the import transaction, such as the Bill of Entry and other customary import documents, or evidence that the advance remittance has been refunded by the overseas supplier, supported by the relevant inward remittance proof, FIRC, credit advice, or equivalent document duly matched with the original advance remittance reference. Upon verification of the submitted documents and satisfaction regarding the underlying transaction, the Bank shall update its records and close the corresponding outstanding entry in IDPMS.

Physical Imports:

1. The importer shall submit BoE number, port code and date for marking evidence of import under IDPMS. The process of handling such evidence of import on IDPMS shall be as per extant SOP of CGMO.
2. Customs Assessment Certificate or Postal Appraisal Form, as declared by the importer to the Customs Authorities, where import has been made by post, or Courier Bill of Entry as declared by the courier companies to the Customs Authorities in cases where goods have been imported through couriers, as evidence that the goods for which the payment was made have actually been imported into India, or

3. For goods imported and stored in Free Trade Warehousing Zone (FTWZ) or SEZ Unit warehouses or Customs bonded warehouses, etc., the Exchange Control Copy of the Into Bond and Ex-Bond Bill of Entry or Bill of Entry issued by Customs Authorities by any other similar nomenclature the importer shall submit applicable BoE number, port code and date for marking evidence of import under IDPMS. Both these BOEs are required to completely knock off the same from IDPMS database.

Non- physical Imports:

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

Usance Bills:

In respect of imports on Delivery against acceptance basis, Bank shall verify the evidence of import from IDPMS at the time of effecting remittance of import bill. However, if importers fail to produce documentary evidence due to genuine reasons such as non- arrival of consignment, delay in delivery/ customs clearance of consignment, etc., Bank may, if satisfied with the genuineness of request, allow reasonable time, not exceeding three months from the date of remittance to the importer to submit the evidence of import.

Follow-up for Import Evidence

In case an importer does not furnish any documentary evidence of import, within period specified in the underlying contract, the bank will rigorously follow-up for the next 3 months, by using various modes of communications. It should, however, be ensured that at-least one communication with the importer in this regard is by issuance of registered letter.

10.6.4 Handling of Import transaction having BOE/Invoice less than Rs 10 Lakhs

In the case of import where the Bill of Entry (for goods) or invoice (for services) is up to ₹10 lakh (or its equivalent in foreign currency), entry in IDPMS may be closed based on a declaration from the

importer to the effect that the payment for import has been made either in full or otherwise, along with the relevant payment details, as per Bank's existing declaration format. Alternatively, such declaration may be submitted by an importer to the Bank on a quarterly basis for bulk closure of entries in IDPMS. SOP for Closure of small value Shipping Bills and Bill of Entries up to INR 10 Lakhs to be referred.

Client's declaration should, at a minimum, capture the Bill of Entry (BOE) number and date, invoice reference details, declared import value, amount paid/remitted, date of payment, reasons for any shortfall, write-off or reduction in payment, and a certification from an authorised signatory confirming that the information furnished is true, complete and accurate.

10.6.5 Third Party Payment for Import Transactions

Bank may permit third party payments for import transactions provided that the bank is satisfied with the bonafides of the transactions. Third Party payments may be permitted on behalf of customers having 6 months of vintage of export/import transactions with Bank and having satisfactory track record (No overdue bill of Entries, no cases under investigation, no ED/other notices and not in any negative list, etc by the Bank for import of goods, subject to conditions as under:

- Firm irrevocable purchase order / tripartite agreement should be in place. However, this requirement may not be insisted upon in case where documentary evidence for circumstances leading to third party payments / name of the third party being mentioned in the irrevocable order / invoice has been produced.
- The Invoice should contain a narration that the related payment has to be made to the (named) third party.
- Bill of Entry should mention the name of the shipper as also the narration that the related payment has to be made to the (named) third party.
- Written request from the customer identifying the third party and specifying its relationship with the actual seller, or exporter.
- Obtain the underlying import contract, purchase order, commercial invoice, or other relevant trade document evidencing that the third-party payment or receipt is contemplated under the transaction or has subsequently become necessary.
- Bank to obtain documentary evidence supporting the third-party arrangement or relationship, such as:
- Assignment agreement, Factoring agreement, Insurance subrogation document, Group/associate company confirmation; or any other document evidencing the commercial or legal basis of the arrangement.
- Where considered necessary bank may obtain and verify details of the third party, as the Bank's due diligence obligations extend to the third-party counterparty involved in the transaction.
- Bank to conduct appropriate AML/CFT, sanctions screening, and customer due diligence on the third party, wherever required.
- Bank to verify that the details recorded in the BOE are consistent with the supporting documents and underlying transaction records.
- Bank to retain all supporting documents relating to the third-party arrangement as part of the transaction record for audit and regulatory purposes.
- Importer should comply with the related extant instructions relating to imports including those on advance payment being made for import of goods.

Exceptions if any may be approved as per deviation/approval matrix.

10.6.6 Interest on Import Bills

- Bank to ensure that interest payable, if any, for delayed payment for imports, shall not exceed the all-in-cost ceiling of trade credit in terms of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time. However, for pre-payment of usance import bill / receipt of interest for the advance payment made by importer; the interest payable can be as per the contractual rate agreed between the importer and exporter.
- Bank may allow payment of interest on usance bills or overdue interest on delayed payments for a period of less than three years from the date of shipment at the rate prescribed for trade credit from time to time.
- In case of pre-payment of usance import bills, remittances may be made only after reducing the proportionate interest for the unexpired portion of usance at the rate at which interest has been claimed or widely accepted/Alternative reference Rate of the currency in which the goods have been invoiced, whichever is applicable. Where interest is not separately claimed or expressly indicated, remittances may be allowed after deducting the proportionate interest for the unexpired portion of usance at the prevailing widely accepted/Alternative reference rate of the currency of invoice.

10.6.7 Receipt of Import Bills/Documents

Bank to ensure generation of ORMs, BoE entries and BoE settlement with the respective ORMs in compliance with IDPMS guidelines as applicable.

Receipt of import documents by the importer directly from overseas suppliers

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

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

In case value of import bill exceeds USD 300,000, document may be accepted for payment as per deviation/Approval Matrix.

Receipt of import documents by the importer directly from overseas suppliers in case of specified sectors

Bank may allow remittance for imports by non-status holder importers up to USD 300,000 where the importer of rough diamonds, rough, precious and semi-precious stones has received the import bills / documents directly from the overseas supplier and the documentary evidence for import is submitted by the importer at the time of remittance. Status holder importers as defined in the Foreign Trade Policy dealing in the import of rough diamonds, rough, precious and semi- precious stones can receive import bills directly from the suppliers without any ceiling. Such transactions may be undertaken subject to the following conditions:

- The import would be subject to the prevailing Foreign Trade Policy.

- The transactions are based on commercial judgment and for permitted only for bonafides transactions.
- Such transactions to be done for customers having a minimum vintage of 6 months with the Bank. Exceptions if any, need to be approved as per deviation/approval matrix.
- No outstanding Bill of Entry for the customer beyond permissible time limits as per prevailing RBI guidelines and procedural control. Deviations if any can be approved by approving authority for outstanding bill of entries as per existing trade deviation matrix can be obtained.
- Customer should have satisfactory track record with the Bank.
- Satisfactory Opinion report on each individual overseas supplier from the overseas banker or reputed overseas credit rating agency
- Customer to submit a request letter accompanied by Proforma Invoice indicating Importer/Exporter, Goods, Currency and amount, in which parties and amounts should match remittance request and should also mention Advance Payment as payment terms.
- Advance payments should be made strictly as per the terms of the sale contract and directly to the account of the manufacturer (supplier) concerned, that is, to the ultimate beneficiary and not through numbered accounts or otherwise.
- KYC and due diligence exercise should be done as per the existing KYC Policy of the Bank.

Bank may accept documents for remittance for imports by non-status holder importers exceeding USD 300,000, on the basis of approval as stated in deviation/Approval Matrix.

Receipt of import documents by the AD Category – I bank directly from overseas suppliers

At the request of importer clients, Bank may receive bills directly from the overseas supplier as above, provided

- Such transactions to be done for customers having a minimum vintage of 6 months with the Bank. Exceptions if any, need to be approved as per deviation/Approval Matrix.
- No outstanding Bill of Entry for the customer beyond permissible time limits as per prevailing RBI guidelines and procedural control. Deviations if any can be approved by approving authority for outstanding bill of entries as per existing trade deviation matrix can be obtained.
- Customer should have satisfactory track record with the Bank.
- Satisfactory Opinion report on each individual overseas supplier from the overseas banker or reputed overseas credit rating agency. However, such credit report on the overseas supplier need not be obtained in cases where the invoice value does not exceed USD 300,000 provided bank is satisfied about the bonafides of the transaction and track record of the importer constituent.

10.6.8 Verification and Preservation

Documents evidencing import into India should be preserved by bank for a period of as per bank's record management policy. However, in respect of cases which are under investigation by investigating agencies, documents, and/or data, process may be destroyed only after obtaining clearance from the investigating agency concerned.

10.7 Import of Gold, Silver and precious metals.

10.7.1 Import of gold and silver.

Advance remittance for import of gold or silver shall not be permitted, except as specifically allowed under the Act, applicable Rules, Regulations, Directions, or RBI instructions issued from time to time.

In the case of non-advance imports of gold or silver, payments made against transport documents or under a Letter of Credit shall be completed within the payment timeline stipulated in the underlying contract.

The permissible channels for physically importing gold/silver are prescribed under the Foreign Trade Policy and DGFT notifications i.e nominated banks/agencies, qualified jewellers under the RBI-DGFT scheme, and the India International Bullion Exchange at GIFT City.

The restriction on advance remittance applies to imports of gold or silver in any permissible form under the prevailing Foreign Trade Policy (FTP) and DGFT framework. As the regulation does not separately define or distinguish between various forms of gold or silver, the Bank shall determine applicability based on the nature and classification of the goods being imported. Jewellery, articles, ornaments and other manufactured products containing gold or silver, which are generally classified separately from bullion under the customs tariff, shall be assessed based on their declared HS classification. The Bank shall verify the HS classification declared in the import documents and, where required, cross-check the same against its internal bullion classification framework before applying the provisions relating to gold and silver imports.

The applicability of this regulation shall be determined based on the Customs Tariff (HS) classification declared in the Bill of Entry and other import documents, read in conjunction with the prevailing DGFT and Foreign Trade Policy (FTP) provisions governing imports of bullion and precious metals. Accordingly, classification as gold or silver is primarily a customs and trade classification matter. In cases where the classification of the imported goods is unclear, such as semi-manufactured products, mixed-metal items, or goods containing precious metals, Bank may require the importer to provide supporting evidence, including a customs classification ruling, HS classification advice, or any other satisfactory documentation, before permitting advance remittance under the applicable regulatory framework.

Only nominated banks and nominated agencies, as notified by DGFT, are permitted to import gold on consignment basis. All sale of gold domestically will, however, be against upfront payment. Nominated banks are free to grant gold metal loans.

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

10.7.2 Import of Gold Jewellery Including Jewellery Made of Precious Metals or/and Studded with Diamonds / Precious Stones /Semi-precious.

Suppliers' and Buyers' credit (trade credit) including the usance period of Letters of Credit opened for import of gold in any form, including jewellery made of gold/precious metals or/and studded with diamonds/semi- precious/precious stones, should not exceed 90 days from the date of shipment.

10.7.3 Import of Gold by Qualified Jewellers as notified by IFSCA

Import of Gold by Qualified Jewellers through IIBX or any other exchange approved by IFSCA and DGFT, Government of India:

a. Bank may allow Qualified Jewellers to remit advance payments for eleven days for import of gold through IIBX in compliance to the extant Foreign Trade Policy and regulations issued under IFSC Act. Bank shall ensure that advance remittance for such import through exchange/s authorised by IFSCA

shall be as per the terms of the sale contract or other document in the nature of an irrevocable purchase order in terms of IFSC Act and regulations made thereunder by IFSCA. Bank shall carry out all the due diligence and ensure the remittances sent are only for the bona fide import transactions through exchange/s authorised by IFSCA.

b. The advance remittance for import of Gold should not be leveraged in what-so-ever form for importing gold worth more than the advance remittance made.
c. In case the import of Gold through IFSCA authorised exchange, for which advance remittance has been made, does not materialise, or the advance remittance made for the purpose is more than the amount required, the unutilized advance remittance shall be remitted back to the bank within the specified time limit of eleven days.
d. For gold imported through IIBX, Qualified Jewellers shall submit the Bill of Entry (or any other such applicable document issued/approved by Customs Department for evidence of import), issued by Customs Authorities to the Bank.
e. All payments by Qualified Jewellers for imports of gold through IIBX, shall be made through exchange mechanism as approved by IFSCA in terms of IFSC Act and regulations. Any deviation from the extant guidelines for import of Gold through IIBX need to be approved in advance by IFSCA and other applicable and appropriate authority/ies.

Bank shall ensure that:

a. All required documentation, custom duty related procedures and filing Bill of Entry (BoE) as evidence of import, etc. is complete for the import of gold by Qualified Jewellers within the specified applicable period.
b. Single/multiple ORMs created and matched with corresponding BoEs and closed appropriately in IDMPS.
c. Importer – that is Qualified Jewellers comply with the related extant instructions relating to imports under FEMA, 1999, FTDR Act 1992, Foreign Trade Policy and regulations of IFSCA.

Reporting requirement by AD banks

a. Bank shall create Outward Remittance Message (ORM) for all such outward remittances in IDPMS in terms of extant guidelines.
b. All these transactions need to be reported in FETERS in terms of extant guidelines.
c. Bank shall report the import of gold through Qualified Jewellers in XBRL.

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

10.7.4 Import of Other Precious Metals

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

Suppliers' and Buyers' Credit, including the usance period of Letters of Credit opened for import of Platinum, Palladium, Rhodium and Silver and rough, cut and polished Diamonds, Precious and semi-precious stones; should not exceed 90 days from the date of shipment. Deviation if any will be as per approval grid.

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

period of 180 days beyond the prescribed period/ due date. Such extension by bank may be subject to the conditions such as:

- No interest payment is involved for the additional period.
- Such transactions to be done for customers having a minimum vintage of 6 months with the Bank. Exceptions if any, need to be approved jointly by Business Head (Segment) and Head Trade Sales (Segment) at transaction level.
- No outstanding Bill of Entry for the customer beyond permissible time limits as per prevailing RBI guidelines and procedural control. Deviations if any can be approved by approving authority for outstanding bill of entries as per existing trade deviation matrix can be obtained.
- Customer should have satisfactory track record with the Bank.
- Satisfactory Opinion report on each individual overseas supplier from the overseas banker or reputed overseas credit rating agency.
- The importer has not come to the adverse notice of the Enforcement Directorate or the Central Bureau of Investigation or any such other law enforcement agency
- Reasons for such extension are due to financial difficulties and/ or quality disputes.
- importer is not under investigation and is not a frequent offender.

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

10.7.5 Import of Platinum / Silver on Unfixed Price Basis

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

10.7.6 Import of Gold on Loan basis

1. Nominated agencies and authorised banks may import gold on loan basis for onward lending to jewellery exporters under the applicable scheme.
2. Export Oriented Units (EOUs) and units operating in Special Economic Zones (SEZs) in the Gems and Jewellery sector may import gold on loan basis solely for manufacture and export of jewellery on their own account.
3. The maximum tenor of the gold loan shall be as prescribed under the Foreign Trade Policy, 2023 or as otherwise notified by the Government of India from time to time. At present, the permissible tenor is up to 270 days, comprising 90 days for manufacture and export and 180 days for price fixing and repayment of the gold loan.
4. Authorised Dealer Category-I banks may open Standby Letters of Credit (SBLCs) for import of gold on loan basis, wherever required, in accordance with the applicable RBI/FEDAI guidelines. The tenor of the SBLC shall be co-terminus with, and shall not exceed, the tenor of the underlying gold loan.
5. SBLCs may be issued only on behalf of entities eligible to import gold on loan basis, namely nominated agencies, authorised banks, and eligible EOUs/SEZ units operating in the Gems and Jewellery sector.

6. SBLCs shall be issued only in favour of internationally reputed bullion banks. AD Category-I banks may rely on industry-recognised sources, including guidance issued by the Gem & Jewellery Export Promotion Council (GJEPC), for identifying such bullion banks.
7. All other extant instructions governing import of gold and opening of Letters of Credit, including the applicable usance period requirements, shall continue to be complied with.
8. AD Category-I banks shall maintain adequate records and supporting documentation to establish a clear audit trail and unique linkage between each import transaction and the corresponding SBLC issued for the import of gold on loan basis.

10.8 Processing of Import Payments through Payment Aggregator - Cross Border (PA-CB) [Erstwhile OPGSP Framework]

IBL may facilitate import payments for goods and services up to INR 25 lakh per transaction through Payment Aggregator - Cross Border (PA-CB) entities with whom the Bank has entered into suitable arrangements.

The operational guidelines, eligibility criteria, documentation requirements, and process flow shall be governed by the Product Note on Handling of Import and Export Payments through Payment Aggregator - Cross Border (PA-CB), as amended from time to time.

11. Project Exports

Project Exports shall have the meaning assigned under the prevailing Foreign Trade Policy. Project Exports generally refer to export of engineering goods on deferred payment terms and execution of turnkey projects and civil construction contracts outside India.

Project Exports may include:

- Civil construction contracts.
- Turnkey engineering and EPC contracts.
- Supply of capital goods on deferred payment terms.
- Process engineering and technical consultancy services.
- Project consultancy and professional services.
- Project construction items (excluding items specifically restricted under the applicable Foreign Trade Policy).
- Any other project-based export arrangement permitted under the applicable regulatory framework.

IBL may process Project Export transactions after satisfying itself regarding the genuineness of the project, the underlying contractual arrangements, payment terms, project viability and compliance with FEMA, RBI directions and the applicable Foreign Trade Policy.

11.1 Intimation of Project Exports

Customers undertaking Project Exports shall approach IBL on or before commencement of project-related transactions and provide details of the underlying project for the Bank's records and monitoring purposes.

The exporter shall submit:

1. Customer Request Letter for undertaking the Project Export.

2. Brief details of the project in the format prescribed by IBL.
3. Extract or copy of the project contract, Letter of Award, purchase order or equivalent contractual document.
4. Any additional information or documents required by IBL.

Upon receipt of the request:

- IBL shall acknowledge the submission.
- A unique Project Export Reference Number shall be assigned to the project for tracking and monitoring purposes.
- Where IBL is not satisfied with the information provided or does not intend to handle transactions relating to the project, the exporter may be informed accordingly.

Any subsequent amendment to the project shall be communicated by the exporter through a revised request letter together with updated project details and supporting documents.

11.2 Information to be Provided for Project Export Intimation

The exporter shall provide, as applicable, the documentation requirements shall be as prescribed in Annexure I to this Policy.

11.3 Realisation and Repatriation under Project Exports

Export proceeds arising from Project Exports shall be realised in accordance with the contractual payment schedule, project milestones and deferred payment terms specified in the underlying contract.

Accordingly, the realization timeline for Project Exports shall be governed by the payment terms stipulated in the project contract and not by the standard realization timelines applicable to ordinary exports of goods and services.

IBL shall monitor realization of export proceeds with reference to:

- Contractual milestones.
- Progress certifications.
- Retention money provisions.
- Guarantee obligations.
- Settlement schedules.
- Other contractual terms.

11.4 Monitoring of Project Exports

IBL shall maintain an appropriate monitoring framework for all Project Export transactions handled by it.

Monitoring may include:

- Tracking project implementation status.
- Monitoring milestone payments and receivables.
- Monitoring export realization.
- Tracking project-related guarantees.
- Reviewing material amendments to contracts.
- Monitoring overseas project offices, foreign currency accounts and project-related facilities.
- Tracking outstanding project receivables until closure.

Project exporters shall promptly inform IBL regarding:

- Changes in contract value.
- Changes in payment schedules.
- Extension of project completion timelines.
- Delays in realization.
- Disputes, arbitration proceedings or claims.
- Termination or restructuring of contracts.

11.5 Temporary Investment of Overseas Project Surpluses

Subject to FEMA and RBI regulations, a project exporter may temporarily deploy surplus funds generated outside India from Project Export operations into short-term investments with an original or residual maturity not exceeding one year.

Such investments may include:

- Treasury Bills.
- Bank deposits.
- Other eligible short-term instruments permitted under applicable regulations.

The exporter shall provide an intimation to IBL whenever such overseas investments are undertaken and furnish such information as may be required by the Bank.

11.6 Guarantees and Banking Facilities

IBL may issue, amend or monitor guarantees and non-fund based facilities relating to Project Exports, including:

- Bid Bonds.
- Performance Guarantees.
- Advance Payment Guarantees.
- Retention Money Guarantees.
- Warranty Guarantees.
- Guarantees supporting overseas borrowings or project obligations.
- Any other project-related guarantee permissible under applicable regulations.

The Bank may also provide project-related fund-based and non-fund-based facilities in accordance with its credit policies and delegated authority framework.

11.7 Amendment and Closure of Project Exports

Where the scope, value, duration, payment terms or other material terms of the Project Export contract are amended, the exporter shall promptly provide updated details to IBL along with supporting documentation.

Upon completion, termination or closure of the project, the exporter shall provide:

- Project closure confirmation.
- Final settlement details.
- Details of outstanding receivables, if any.
- Status of guarantees and overseas accounts.
- Any other information required by IBL for project closure and regulatory compliance.

IBL shall retain appropriate records of project approvals, amendments, monitoring activities and closure actions for audit, regulatory and compliance purposes.

12. Merchanting Trade Transactions (MTT)

For a trade to be classified as merchanting trade, goods acquired shall not enter the Domestic Tariff Area, the state of goods so acquired may be allowed transformation subject to Bank being satisfied with the documentary evidence and bonafides of the transaction.

Bank will handle the Merchanting Trade Transactions (MTT) subject to the following conditions

1) The period between the outward remittance and inward remittance or vice versa does not exceed six months.
2) As per the Merchant's request citing reasons for delay, bank may allow extension of time, provided bank is satisfied of the reasons cited.

   For extension of the prescribed period in a Merchanting Trade Transaction (MTT), the customer shall submit a written request specifying the reasons for the delay in completing the inward leg within the stipulated timeline, such as shipping delays, payment delays by the overseas buyer, documentary discrepancies, or other genuine commercial reasons. The request shall be supported by the underlying purchase and sale contracts, invoices relating to both legs of the transaction, and documentary evidence substantiating the cause of the delay. The Bank shall assess the merits of the request and may grant an extension upon being satisfied regarding the bona fides of the transaction and the reasons for the delay.
3) Outward remittances are sent only to the overseas seller and inward remittances are received only from the overseas buyer.
4) As per the Merchant's request citing reasons, bank may allow receipt from and /or payment to third party, provided bank is satisfied of the reasons cited.
5) Bank to credit or debit the customer's account for any cross-border MTT transaction after having been satisfied with the genuineness of the same and is required to simultaneously close or update the respective entry in EDPMS and IDPMS. Bank to enter details of inward and outward remittances for all exports, imports and Merchanting Trade Transactions (MTT) in EDPMS and/ or IDPMS.
6) Bank to monitor and closely follow-up with the customer to ensure that both the legs of the MTT transaction are completed within the period and manner as specified above.

12.1 Documents Required

To establish the bona fides of a Merchanting Trade Transaction (MTT), following documents to be submitted by the client.

1. Underlying purchase contract or order with the overseas supplier, the corresponding sale contract or order with the overseas buyer
2. Invoices pertaining to both legs of the transaction,
3. Relevant transport documents evidencing direct movement of goods from the supplier's country to the buyer's country without entering India.
4. Customer Confirmation that the goods involved are eligible to be transacted under the prevailing Foreign Trade Policy and do not require any specific import or export licence for undertaking the merchanting trade transaction, unless such licence has been duly obtained.

12.2 Additional conditions

- The MTT shall be undertaken for the goods that are permitted for exports / imports under the prevailing Foreign Trade Policy (FTP) of India as on the date of shipment, excluding goods in CITES and SCOMET lists.
- Such transactions to be done for customers having a minimum vintage of 6 months with the Bank. Exceptions if any, need to be approved jointly by Business Head (Segment) and Head Trade Sales (Segment) at transaction level.
- No outstanding EDPMS/IDPMS pendency beyond permissible time limits as per the period specified in underlying contract and procedural control. Deviations if any can be approved by approving authority for outstanding bill of entries as per existing trade deviation matrix can be obtained.
- Customer should have satisfactory track record with the Bank.
- Satisfactory Opinion report on each individual overseas supplier from the overseas banker or reputed overseas credit rating agency (Exceptions if any, need to be approved jointly by Business Head (Segment) and Head Trade Sales (Segment) at transaction level.)
- The customer has not come to the adverse notice of the Enforcement Directorate or the Central Bureau of Investigation or any such other law enforcement agency.
- Further, KYC and AML guidelines shall be scrupulously adhered to by the bank while handling such transactions.
- The entire merchanting trade is to be routed through IndusInd Bank. The Bank shall verify the documents like invoice, packing list, transport documents and insurance documents (if originals are not available, Non-negotiable copies duly authenticated by the bank handling documents may be taken) and satisfy itself about the genuineness of the trade. Online verification of Bill of Lading/ Airway Bill should be done on the website of International Maritime Bureau or Airline web check facilities. Bank shall ensure that the requisite details are made available /retrievable at the time of Inspection/Audit/investigation of the transactions.
- Bank to ensure that the period between the outward remittance and inward remittance or vice versa does not exceed six months. The commencement date of merchanting trade shall be the date of shipment / export leg receipt or import leg payment, whichever is first. The completion date shall be the date of shipment / export leg receipt or import leg payment, whichever is the last.
- Short-term credit either by way of suppliers' credit or buyers' credit may be extended for MTT to the extent not backed by advance remittance for the export leg, including the discounting of export leg LC by the Bank, as in the case of import transactions. However, Letter of Undertaking (LoU)/ Letter of Comfort (LoC) shall not be issued for supplier’s/ buyer’s credit.
- Any receipts for the export leg, prior to the payment for import leg, may be parked either in Exchange Earners Foreign Currency (EEFC) account or in an interest-bearing INR account till the import leg liability arises. It shall be strictly earmarked/ lien-marked for the payment of import leg and the liability of the import leg, as soon as it arises, shall be extinguished out of these funds without any delay. If such receipts are kept in interest-bearing INR account, hedging thereof may be allowed by the Bank at the request of its customer, as per extant regulations. No fund/non-fund-based facilities shall be extended against these balances.
- In case of discounting of export leg LC where payment for import leg is still to be made (even if partially), the proceeds shall be utilized in the manner prescribed above.
- Payment for import leg may also be allowed to be made out of the balances in EEFC account of the merchant trader.
- Merchanting traders may be allowed to make advance payment for the import leg on demand made by the overseas supplier. In case where inward remittance from the overseas buyer is not received before the outward remittance to the overseas supplier, Bank may handle such transactions based on its commercial judgement. It may, however, be ensured that any such advance payment for an import leg beyond USD 500,000/- per transaction, shall be made against Bank Guarantee / an unconditional, irrevocable standby Letter of Credit from an international bank of repute.

- Letter of Credit to the supplier for the import leg is permitted against confirmed export order, keeping in view the period between the outward remittance and inward remittance or vice versa does not exceed six months.
- Bank shall ensure simultaneous updation and closure of the relevant entries in EDPMS and/or IDPMS, as applicable, upon receipt and payment of funds under the respective legs of the transaction. Bank shall monitor the transaction to ensure timely completion and compliance with the applicable regulatory requirements.
- The Bank shall maintain a clear one-to-one linkage between the underlying purchase and sale contracts and the corresponding remittance transactions. Both the import and export legs of the MTT shall be monitored throughout the transaction lifecycle to ensure proper matching, completion, and adherence to the prescribed timelines and regulatory conditions.
- Suspicious and doubtful cases to be reported to DOE as per SOP on DOE reporting.
- The merchanting traders shall be genuine traders of goods and not mere financial intermediaries. Confirmed orders must be received by them from the overseas buyers. Banks shall satisfy itself about the capabilities of the merchanting trader to perform the obligations under the order. The merchanting trade shall result in profit which shall be determined by subtracting import payments and related expenses from export proceeds for the specific MTT.
- In the event of any loss or shortfall arising in one or more Merchanting Trade Transactions (MTTs), the customer shall submit a written request to the Bank detailing the reasons for such loss, together with supporting documentary evidence, such as price renegotiation records, buyer default correspondence, quality or quantity dispute documents, settlement agreements, or any other relevant commercial evidence. The Bank shall assess the circumstances leading to the loss and satisfy itself regarding the bona fides of the transaction and the reasons for the shortfall before considering the request in accordance with invoice reduction, write-off, etc.

12.3 Write-off of unrealized amount of export leg under Merchanting Trade:

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

- The MTT buyer has been declared insolvent and a certificate from the official liquidator specifying that there is no possibility of recovery of export proceeds has been produced.
- The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country and a certificate to that effect has been produced.
- The unrealized amount of the export leg represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization; provided, the MTT is in adherence to all other provisions except the delays in timelines (either for outlay or completion period of MTT or both) attributed to reasons mentioned at a, b and c above.
- Previous write off cases, if any, should also be taken into consideration.

In addition to above, write-offs shall be subject to following conditions:

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

12.4 Third Party payments under Merchanting Trade

Third party payments for export and import legs of the MTT would be permitted for select set of customers. As per approval based on approval matrix Depending on bank's satisfaction on genuineness of the transaction.

For permitting receipt from, or payment to, a third party in relation to an underlying trade transaction, the customer shall submit a written request explaining the reasons for the third-party arrangement, together with documentary evidence establishing the relationship between the third party and the actual overseas buyer or seller, or the commercial basis for the arrangement. Such documents may include, inter alia, a group or associate company confirmation, assignment agreement, factoring agreement, agency arrangement, or any other equivalent supporting evidence. The Bank shall satisfy itself regarding the bona fides of the arrangement and the underlying transaction before permitting receipt from, or payment to, a party other than the actual overseas buyer or seller.

12.5 Payment of Agency Commission under Merchanting Trade

Bank may allow payment of agency commission up to a reasonable extent by way of outward remittance under exceptional circumstances, subject to the following conditions:

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

For any deviation in regularization of the MTT from the prescribed guidelines and closure of MTT approval to be taken as per deviation matrix.

Reporting for merchanting trade transactions under FETERS shall be done on gross basis, against the undermentioned codes:

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

Merchanting trade to Nepal and Bhutan

Merchanting Trade Transactions (MTTs) involving importers in Nepal and Bhutan shall be permitted in accordance with the extant Reserve Bank of India (RBI) guidelines and applicable Foreign Exchange Management Act (FEMA) regulations. Goods procured from a foreign supplier and sold to an importer in Nepal or Bhutan may qualify as a Merchanting Trade Transaction even where the goods physically transit through India, provided such movement is undertaken solely as traffic-in-transit under the Customs Transit Declaration (CTD) mechanism and in compliance with the provisions of the India-Nepal Treaty of Transit or the Indo-Bhutan Treaty of Transit, as applicable.

The Bank shall ensure that:

- The transaction complies with the prevailing RBI Merchanting Trade guidelines and Foreign Trade Policy provisions.
- The goods are permitted for import/export under applicable laws and regulations.
- The goods are not cleared for home consumption into India's Domestic Tariff Area and remain transit cargo destined for Nepal or Bhutan.
- No processing, manufacturing, value addition, or transformation of the goods takes place in India.
- Documentary evidence establishing movement of goods under the applicable transit treaty and customs regulations is obtained and retained on record.
- All AML, sanctions screening, trade control, and customer due diligence requirements of the Bank are complied with prior to processing the transaction.

12.6 INR settlement under MTT transaction

One remittance leg of a Merchanting Trade Transaction (MTT) may, in principle, be denominated and settled in INR, subject to compliance with the applicable RBI framework governing international trade invoicing and settlement in Indian Rupees and any other extant regulatory guidelines. In such cases, the Bank shall satisfy itself regarding the genuineness of the transaction structure, the rationale for the use of INR settlement, and compliance with all applicable regulatory requirements. Accordingly, requests involving an INR leg in an MTT shall be considered on a case-by-case basis, taking into account the prevailing regulatory framework and the specific facts of the transaction.

13. International Trade Settlement in Indian Rupees (INR)

IBL may facilitate export and import transactions denominated, invoiced and settled in Indian Rupees (INR) in accordance with the RBI framework governing International Trade Settlement in INR, FEMA 23(R), the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023, and related directions issued from time to time.

The Bank shall ensure:

- Compliance with the RBI framework for International Trade Settlement in INR.
- Appropriate customer due diligence and transaction verification.
- Maintenance of supporting documentation and audit trails.
- Monitoring of realization and settlement timelines.
- Accurate reporting and reconciliation in EDPMS, IDPMS and other regulatory reporting systems.

13.1 Operational Framework

Under the International Trade Settlement in INR framework, an overseas correspondent bank may maintain a Special Rupee Vostro Account (SRVA) with an Authorised Dealer Bank in India, subject to RBI approval and applicable regulatory requirements.

Export and import transactions undertaken under this framework may be:

- Denominated in INR.
- Invoiced in INR.
- Settled through the designated Special Rupee Vostro Account (SRVA).

- Processed in accordance with the applicable RBI operational guidelines.

The exchange rate between the currencies of the trading partner countries may be determined by market forces in accordance with the agreed commercial arrangement between the parties.

IBL may permit transactions under this framework only after satisfying itself regarding:

- The genuineness of the underlying trade transaction.
- Compliance with FEMA and RBI regulations.
- Availability of a valid SRVA arrangement.
- The bona fides of the customer and overseas counterparty.

13.2 Documentation Requirements

Documentation requirements shall be as prescribed in Annexure I to this Policy.

13.3 Realisation and Repatriation Period

Where export transactions are invoiced and/or settled in INR, the applicable realization and repatriation period shall be **twelve (12)** months, unless otherwise prescribed by RBI from time to time.

The period shall be calculated as follows:

a. Export of Goods (other than goods exported to overseas warehouses) - **twelve (12)** months from the date of shipment.

b. Export of Services and Software - **twelve (12)** months from the date of invoice.

c. Export of Goods to Overseas Warehouses - **twelve (12)** months from the date of sale of goods from the overseas warehouse.

IBL shall monitor compliance with the prescribed realization timelines through EDPMS and internal monitoring systems.

13.4 Receipt and Settlement of Export Proceeds

Indian exporters shall receive export proceeds in INR through the balances maintained in the designated Special Rupee Vostro Account of the correspondent bank of the partner country, in accordance with the applicable RBI framework.

IBL shall ensure that:

- Receipt of export proceeds is linked to the underlying export transaction.
- EDPMS entries are appropriately updated and regularised.
- The transaction complies with the applicable realization timeline.
- Necessary regulatory reporting is completed.

For advance receipts received under the INR Trade Settlement framework, IBL shall monitor utilisation and regularisation of the related export obligations in accordance with FEMA requirements and internal procedures.

13.5 Trade Documentation and Trade Finance Instruments

Export and import transactions settled under the INR framework shall remain subject to the normal documentation requirements applicable to international trade transactions.

Letters of Credit (LCs), Bank Guarantees, collections, documentary credits and other trade finance instruments may be issued, advised or handled under the framework in accordance with:

- Applicable RBI guidelines.
- Uniform Customs and Practice for Documentary Credits (UCP 600).
- International Standard Banking Practice (ISBP).
- Incoterms and other internationally accepted trade practices.
- IBL's internal trade finance policies.

13.6 Set-off of Export Receivables and Import Payables

IBL may permit set-off of export receivables against import payables under the INR Trade Settlement framework in accordance with FEMA 23(R), RBI directions and the Bank's internal policies.

Such set-off may be permitted:

- Between the same overseas buyer and supplier; or
- Between overseas group companies or associate entities, where permissible under the applicable regulatory framework.

All set-off transactions shall be subject to the conditions, documentation and reporting requirements prescribed under the Bank's policy on set-off of export receivables and import payables.

13.7 EDPMS / IDPMS Reporting

Export and import transactions settled in INR shall be reported and monitored in the same manner as other international trade transactions.

IBL shall:

- Create, update and monitor the corresponding EDPMS and IDPMS entries.
- Record INR as the invoice currency as applicable.
- Ensure timely reporting of export and import transactions.
- Update and close the relevant EDPMS or IDPMS entries upon realization, payment or regularisation of the transaction.
- Maintain complete records and audit trails for regulatory inspection and compliance purposes.

14. EDPMS / IDPMS and Reporting Controls

IBL shall maintain robust systems, controls and governance mechanisms for compliance with EDPMS, IDPMS, FETERS and other regulatory reporting requirements prescribed by RBI from time to time. The Bank shall ensure timely creation, updation, monitoring, reconciliation, regularisation and closure of all reportable transactions in accordance with FEMA 23(R), RBI directions and internal operating procedures.

EDPMS/IDPMS updation shall be carried out simultaneously with the corresponding credit or debit transaction in accordance with regulatory requirements. While no separate customer notification is mandated for such updation, the Bank may provide automated transaction alerts through approved

channels like Email/SMS. Customer-requested certificates or transaction confirmations shall be issued within a reasonable timeframe, ordinarily within 2-3 working days, and any applicable charges shall be transparent, reasonable and disclosed upfront.

The control framework shall include:

- Timely and accurate regulatory reporting.
- Monitoring of outstanding EDPMS and IDPMS entries.
- Reconciliation of transactions with underlying documents and remittances.
- Closure and regularisation of transactions within prescribed timelines.
- Identification and escalation of exceptions.
- Regulatory and management reporting.
- Maintenance of complete audit trails.

Periodic reviews shall be undertaken to identify:

- Overdue export and import transactions.
- Reporting deficiencies.
- Reconciliation exceptions.
- Delayed realisations and payments.
- Regulatory and compliance risks.
- System and operational control gaps.

EXPORTS

14.1 Export Bills Register

IBL shall maintain an Export Bills Register, either in electronic or physical form, integrated with or aligned to EDPMS records.

- A unique bill reference number shall be assigned to every export transaction.
- Bill numbering shall be maintained on a financial-year basis (April to March) or such basis as may be prescribed internally.
- The bill reference number shall be linked to the relevant Shipping Bill, EDF, invoice and EDPMS entry.
- Appropriate controls shall be maintained to ensure completeness and accuracy of reporting.

14.2 Monitoring and Follow-up of Outstanding Export Bills

CGMO shall have a centralized monitoring process for outstanding export receivables and export bills through EDPMS and internal monitoring systems for regular monitoring of:

- Export bills approaching the due date for realization.
- Overdue export bills.
- Delayed realizations.
- Export advances pending regularisation.
- Unrealised export proceeds.
- Export transactions requiring extension, write-off, reduction or other regularisation.

Where export proceeds remain unrealised beyond the prescribed due date, IBL shall:

- Initiate prompt follow-up with the exporter.
- Obtain status updates and reasons for delay.

- Seek extension requests or regularisation proposals, where applicable.
- Monitor compliance with Regulation 13 of FEMA 23(R).
- Escalate cases through the prescribed governance and exception management framework.

Ageing reports and overdue receivable reports shall be periodically generated and reviewed by the appropriate operational, compliance and business units.

14.3 Reporting of Export Realisations in EDPMS

CGMO shall ensure that realization of all export transactions required to be reported under RBI guidelines is accurately captured and updated in EDPMS.

At the time of receipt of export proceeds, CGMO team shall verify:

- Shipping Bill, EDF or invoice details.
- Relevant remittance references.
- Applicable purpose codes.
- EDPMS linkage and reporting requirements.
- Consistency between export documents and realization details.

CGMO team ensure that EDPMS entries are updated, regularised or closed promptly upon:

- Realisation of export proceeds.
- Extension of realization period.
- Reduction in realization.
- Write-off.
- Set-off.
- Insurance settlement.
- Any other permissible regularisation mechanism.

14.4 Customer Confirmation of EDPMS / IDPMS Updates

CGMO team shall update, regularise or close the corresponding EDPMS or IDPMS entry simultaneously with the processing of the related export receipt or import payment.

As a customer service measure, the concerned CGMO team may provide confirmation through:

- Email.
- SMS.
- Digital banking channels.
- Trade service portals.
- Other approved communication channels.

Where requested by the customer, concerned CGMO team may issue:

- FIRC.
- Credit Advice.
- EDPMS/IDPMS status confirmation.
- Other permissible confirmations or certificates.

14.5 Exports Through Non-EDI Ports

For exports effected through non-EDI ports, IBL shall ensure that the prescribed export declarations and supporting documentation are received and appropriately linked to EDPMS.

Where physical EDF documentation is involved:

- The exporter shall submit the authenticated EDF and supporting documents to IBL within the prescribed timelines.
- IBL shall verify and capture the relevant details in EDPMS.
- Certified duplicate documents may be accepted where original documents are lost or unavailable, subject to satisfactory verification.

IBL shall maintain appropriate controls for reconciliation, tracking and monitoring of export transactions processed through non-EDI ports.

14.6 Exports Through EDI Ports

For exports through EDI-enabled ports:

- Shipping Bill data shall be treated as the primary export declaration record.
- Separate submission of EDF shall not ordinarily be required where the declaration is captured through the EDI system.
- IBL shall obtain such export documents as may be necessary for realization, reconciliation and EDPMS closure.

Where the Exchange Control copy is unavailable due to system integration and EDPMS reporting, separate submission shall not be insisted upon unless required under applicable regulations.

14.7 Export Through Post and Courier

Where exports are undertaken through postal or courier channels, IBL shall comply with the operational requirements prescribed under FEMA, Customs regulations and RBI guidelines.

IBL shall ensure that:

- Applicable export declaration requirements are complied with.
- Supporting export documents are obtained.
- Realisation is monitored through EDPMS.
- Export proceeds are appropriately linked and regularised.

14.8 Reporting of Export of Services and Software

IBL shall create, monitor and close EDPMS entries relating to export of services and software in accordance with FEMA 23(R) and RBI operational guidelines.

Where applicable:

- Software and IT/ITeS exporters may submit EDF through STPI or IBL.
- Service exporters shall submit EDF within the prescribed timeline.
- Consolidated EDFs may be accepted as permitted under FEMA 23(R).
- Invoice-wise reconciliation shall be maintained for reporting and monitoring purposes.

14.9 Monitoring of Multiple AD Bank Relationships

Where a customer maintains trade relationships with multiple Authorised Dealer Banks, IBL shall monitor available EDPMS and IDPMS information and may obtain:

- Customer declarations.
- Inter-bank confirmations.
- Status of outstanding transactions.
- Additional information required for compliance and risk management purposes.

Pending implementation of any RBI-prescribed centralized monitoring framework, IBL shall rely on available system records, customer disclosures and due diligence information for monitoring purposes.

14.10 Export Advances and Due Date Monitoring

IBL shall monitor export advances and related export obligations through EDPMS and internal monitoring tools.

Appropriate follow-up shall be undertaken for:

- Outstanding export advances.
- Delayed shipment obligations.
- Long-outstanding advance receipts.
- Delayed regularisation of export obligations.

Where future RBI functionalities introduce additional due date tracking or reporting requirements, IBL shall adopt and implement such requirements.

14.11 Reporting of Overdue Export Receivables

IBL shall monitor and report overdue export receivables in accordance with FEMA 23(R), RBI reporting requirements and EDPMS guidelines.

Cases involving prolonged non-realisation shall be monitored for:

- Extension eligibility.
- Reduction or write-off.
- Set-off arrangements.
- Regulation 13 applicability.
- Regulatory reporting obligations.

14.12 NIL Value and Non-Realisation Exports (erstwhile – GR and EDF waivers)

Where goods are exported for:

- Samples.
- Exhibitions.
- Testing.
- Repairs.
- Replacement.
- Other transactions where no foreign exchange realization is expected,

IBL shall ensure that the applicable declaration requirements under FEMA 23(R) are complied with and that corresponding EDPMS records are appropriately reported and regularised.

IMPORTS

14.13 Reporting and System Updation

1. All import transactions, including import of goods, import of services, advance remittances, import settlements, transactions settled at reduced value, write-offs and Merchanting Trade Transactions (MTTs), shall be reported, updated and maintained in IDPMS within the timelines prescribed under applicable FEMA regulations, RBI directions.
2. Details of imports received from non-EDI ports shall be entered in IDPMS within five working days from the date of receipt of import documents.
3. Details of import of services, based on declarations and supporting documents submitted by the importer, shall be entered in IDPMS within five working days from the date of receipt of documents.

14.14 Transaction Data Capture and Record Maintenance

1. Bank's trade processing systems shall capture and maintain, at a minimum, the customer details, transaction reference number, overseas supplier/counterparty details, invoice and import document particulars, currency and value of the transaction, date of remittance, due date for submission of import evidence and other regulatory documents, payment status, outstanding amount, and exception, ageing and closure status.
2. Appropriate system controls shall be established to ensure completeness, accuracy and traceability of information maintained in IDPMS.
3. Bank shall maintain adequate records and audit trails for all uploads, modifications, transfers, mark-offs, closures and other updates effected in IDPMS.

14.15 Monitoring and Exception Management

1. All outstanding IDPMS entries shall be subject to periodic ageing, exception and regulatory compliance monitoring.
2. System-generated reports shall be reviewed periodically to identify overdue imports, pending Bills of Entry, pending import of service documentation, unmatched remittances, unadjusted advances and other outstanding items requiring follow-up.
3. Timely follow-up shall be undertaken with importers for submission of Bills of Entry, import documentation, declarations, confirmations and any other documents required for regularisation or closure of outstanding entries.
4. Discrepancies, exceptions and reporting mismatches identified through monitoring or reconciliation processes shall be promptly investigated and resolved.

14.16 Mark-off and Closure of Import Transactions

1. An import transaction shall be marked-off in IDPMS only after ensuring that payment for the import has been made and applicable regulatory requirements have been complied with.
2. Relevant supporting documents and system records shall be verified before effecting mark-off of the transaction in IDPMS.

3. The Bank may, upon receipt of a written request from the importer citing reasons, close an IDPMS entry relating to an advance import transaction where no import has taken place and repatriation of the advance remittance is not possible, after being satisfied regarding the genuineness and bona fides of the reasons cited.
4. The Bank may, upon the request of the importer, close an IDPMS entry where the underlying import transaction has been settled at a reduced value, after satisfying itself regarding the genuineness of the reasons and obtaining appropriate documentary evidence.
5. Closure of IDPMS entries based on importer declarations, including cases of non-materialisation of imports, reduction in value, write-off or other permitted circumstances, shall be supported by the Bank's prescribed declaration format, relevant documentary evidence and maker-checker controls.
6. Such closures shall be approved by authorised officials in accordance with the Bank's delegation of authority framework and shall be subject to periodic review.

14.17 Merchanting Trade Transactions

1. Payment and receipt legs of Merchanting Trade Transactions shall be appropriately reported and updated in IDPMS and/or EDPMS, as applicable.
2. The relevant entries shall be updated or closed only upon completion of both the outward remittance and inward receipt legs of the transaction and compliance with applicable regulatory requirements.

14.18 Transfer of Transactions between Authorised Dealers

1. Where an import transaction is transferred from or to another Authorised Dealer Bank, appropriate intimation, status confirmation and supporting records shall be obtained from the transferor/transferee Authorised Dealer Bank.
2. The Bank shall ensure that the transaction status in IDPMS is appropriately reconciled before undertaking further reporting, monitoring or closure of the transaction.
3. Adequate records evidencing the transfer of the transaction and assignment of monitoring responsibility shall be maintained.

14.19 Reconciliation and Regulatory Reporting

1. Periodic reconciliation shall be undertaken between trade processing systems, remittance records, customer documentation, IDPMS data and applicable regulatory returns to ensure completeness and accuracy of reporting.
2. Exception items identified through reconciliation shall be investigated and resolved promptly.
3. The Bank shall report all foreign trade transactions in the Foreign Exchange Transaction Electronic Reporting System (FETERS) in accordance with extant RBI guidelines.
4. Adequate controls shall be maintained to ensure completeness, accuracy and timeliness of FETERS reporting.
5. Periodic reconciliation shall be carried out between FETERS submissions, IDPMS records and underlying transaction data to identify and rectify any reporting discrepancies.
6. Management Information System (MIS), ageing reports and exception reports relating to IDPMS and FETERS reporting shall be reviewed periodically by designated officials.

14.20 Reporting of import of services

Payments for import of services shall be classified and reported based on the purpose-code-wise classification of tradable services aligned with the WTO General Agreement on Trade in Services (GATS) Services Sectoral Classification framework. The determination of whether a service-related remittance is to be reported through IDPMS or processed as a regular A2 remittance shall be based on the prescribed FETERS purpose code mapping. The list of purpose codes qualifying as import of services for IDPMS reporting, and those to continue to be reported as A2 remittances, shall be as specified in the Annexure C to this Policy/SOP and amended from time to time in line with regulatory guidance.

GENERAL

14.21 Reporting of Doubtful and Suspicious Transactions

IBL shall establish appropriate controls for identification and reporting of suspicious, doubtful, potentially fraudulent or non-compliant transactions.

As applicable, such transactions shall be reported to:

- Directorate of Enforcement (DoE) – As per existing SOP on DoE reporting.
- Financial Intelligence Unit (FIU-IND) as applicable.
- RBI as applicable.
- Other competent authorities as applicable.

All such cases shall be subjected to enhanced due diligence, compliance review and monitoring.

14.22 EDPMS / IDPMS Transactions Involving Sanctioned Jurisdictions

Transactions involving sanctioned countries, entities or individuals shall be subject to enhanced due diligence, sanctions screening and compliance review.

Closure or regularisation of EDPMS and IDPMS entries shall not be construed as permitting any activity prohibited under applicable sanctions laws, FEMA provisions or regulatory directives.

Where regulatory approval or system intervention is required, IBL shall follow the process prescribed by RBI or other competent authorities.

14.23 Regulatory Updates and System Changes

Where any aspect of EDPMS, IDPMS, trade reporting, export monitoring, import monitoring or related regulatory frameworks is amended, clarified or supplemented by RBI, FEDAI or any competent authority, IBL shall promptly update its systems, procedures and internal controls to ensure continued compliance.

All operational units shall ensure implementation of subsequent RBI circulars, directions, clarifications and system changes as and when issued.

15. Factoring

The Bank has a Factoring Policy covering export and import factoring duly approved by its Board of Directors ("Board"); a Product Note on Factoring approved by the PPAC committee under delegation from the Board – the Note covers with and without-recourse export and import factoring, including verification of the factoring arrangement, assignment/third-party payment documentation and other aspects.

In accordance with the above, Operations has a Standard Operating Process (SOP) for Factoring covering treatment of proceeds, EDPMS closure and monitoring of recourse obligations. The source SOP recognises factoring arrangements and requires the Bank to calibrate documentation to risk.

15.114.1 Key feature

Factoring/Reverse Factoring/Assignment of Receivable can be a) With recourse to the Seller or b) Without recourse to the Seller or c) With limited recourse on the Seller. This product would cover both domestic and export receivables.
Debts must be collected through the "Controlled invoice collection" method. This means that the Buyer pays IBL directly or a designated account controlled by IBL. However, in certain cases, the receivables may be collected directly by the Seller as the Collecting Agent on behalf of the Bank (Factor) on the basis of Collection Agency Agreement signed between the Seller and the Bank: a) Where the Seller is having existing arrangements with other banks for collection of receivables and the same cannot be changed. b) Where the Factoring is done on Undisclosed basis. c) Where the Factoring is done on Disclosed basis and the Buyer is not ready to make changes in his ERP system, hence wants to continue making payment to the Seller.
Receivables Purchase Agreement to be executed between the Bank and the Seller (Assignor) and Seller to sign the Notice of Assignment (NOA), before any receivables are purchased by IBL. NOA to be accepted by the Buyer. Deviations to be approved by Credit on a case-to-case basis.
The facility is not to be extended to sectors identified as negative by the prevailing Credit Risk Policy of the Bank, except for cases where the facility is extended by IndusInd Bank on underwriting/ back-to-back basis.

Deviation to any of the features above can be allowed by Credit in specific instances, basis merits of the case.

15.214.2 Maturity/Tenor

The maximum tenor for any transaction would be as stipulated as per the actual realisation/agreed credit period mentioned in the invoice/ contract. The maximum tenor for invoices under this programme is 180 days. Higher tenors may be approved by credit on case-to-case basis where the normal terms of trade for the industry exceed 180 days. However, in respect of export factoring, it should not exceed the realization period as permitted by Master Directions on Export of Goods and Services. The tenor should correspond to the normal, arm's-length credit period given by the Borrower to his customers, in the ordinary course of business, as per his defined credit policy. The business team should assess/conduct due diligence on this before submitting the proposal to credit.

15.3 Product Structure

The products covered under this ORMC Note will be as under:

A) With Recourse:

1. Factoring (Domestic/Export)
2. Reverse Factoring (Domestic/Export)
3. Export Factoring backed by underwriting from Import Factor/underwritten by IBL/IBU GIFT City itself.

B) Without Recourse:

1. Factoring (Domestic/Export.
2. Factoring (Domestic/Export) backed by Bill of Exchange co-accepted by Buyer's Bank.
3. Reverse Factoring (Domestic/Export) with or without Bill of Exchange
4. Reverse Factoring (Domestic/Export) backed by Bill of Exchange co-accepted by Buyer's Bank.
5. Export Factoring backed by underwriting from Import Factor/underwritten by IBL/IBU GIFT City itself.

IRDAI has approved insurance product for providing Trade Credit Insurance. Discussions are in progress with market players. Where Trade Credit Insurance is taken, insurance will act as additional comfort as a collateral in line with Credit Risk Policy prescriptions but exposure to be reckoned on the seller/buyer depending on the nature of recourse (with recourse/ without recourse/ limited recourse). Please also refer to subsections "Legal Agreements/ Documents" and "Regulatory Reporting". Process of trade credit insurance, assignment of receivables and registration of receivables to be covered by the concerned departments' SOP.

15.4 Summary Table

1. In case of cross-border Factoring and Reverse factoring:
   a) Local laws, compliances and documents required in the Buyer's/Seller's country as applicable will be subject to review/advice of external counsel to be appointed for each case. Internal Legal's opinion will be taken on appointment of external counsel. Business/Trade Sales and Legal will jointly discuss and finalise the scope of work for external legal counsel to be appointed for different types of factoring to be done both from domestic as well from IBU. Basis legal review/advice, approvals as required will be taken from Business, Credit and, where required, from Compliance. Other documents in addition to those listed below may be engaged on a case-to-case basis as advised by external legal counsel.
   b) Export factoring on non-recourse basis: (i) Where the Bank is the Export Factor, it should have an arrangement with the Import Factor for credit evaluation & collection of payment; (ii) Notation should be made on the invoice that importer has to make payment to the Import Factor; (iii) After factoring, the Bank may close the export bills and report the same in the Export Data Processing and Monitoring System (EDPMS) of RBI; (iv) In case of a single factor, not involving Import Factor overseas, the Bank may obtain credit evaluation details from the correspondent bank abroad.

2. With recourse factoring: Exposure will be on the Seller. Factoring limits will be uploaded in the CIF ID of the Seller.
3. Without recourse factoring: Exposure will be on the Buyer. Where exposure is on the Buyer, limited KYC@ may be done on the Buyer. Factoring limits will be uploaded in the CIF ID of the Buyer. Buyer's CIF ID may be created basis limited KYC@ and approval from Chief Administrative Officer (CAO). In case of TReDS transactions, Buyer's CIF ID will be created basis soft copy of the documentation received from/provided by the respective TReDS platform.

@:. CIF ID of the Buyer shall be opened on the basis of below-mentioned KYC documents (soft copies) to be provided by Trade Sales/SCF Product Team as applicable (documents received from TReDS platform for SCF transactions). All documents to be as per current CDD standards, valid as on date and not expired. For any waiver of KYC documents of Buyer/any other party whose CIF is created, approval from Central Compliance team is required.

- Certified copy of Certificate of incorporation.
- Certified copy of Memorandum and Articles of Association.
- Certified copy of Permanent Account Number of the company.
- Copy of board resolution / power of attorney provided by buyer / client to TReDS portal at the time of registration.
- "BENO declaration" (In the format provided by TReDS Platform or Downloaded from BSE/NSE site in case of listed entity). (PAN / Form 60 and OVD (officially valid document i.e. KYC) of all authorized signatories, POA, Beneficial owners (Individual/s) identified in BO declaration is mandatorily obtained.
- The names of the relevant persons holding senior management position; (In the format provided by TReDS Platform).
- GST Certificate (for Address Proof).
- Email confirmation from TReDS respective platform for OSV done.
- List of signatories / directors downloaded from MCA site.

CIF Suspension Process: Where the Buyer subsequently becomes a constituent borrower of the Bank, Buyer's CIF to be suspended in Finacle post Account Creation and limit updation of the Buyer.

The details of the CIFs that need to be suspended will be shared by Trade Sales/SCF Product Team as applicable, with CPU team through Email after Account creation and Limit Disbursement. CPU to suspend the CIFs basis the email received and mention - "CIF created for TReDS limit. Any additional account opening apart from TReDS limit will require complete KYC as per Bank guidelines".

Factoring	**Disbursing Institution**	**Buyer**	**Seller**	**Documents**	**Law + Regulation as prevailing from time to time**
Domestic Factoring (with & without recourse)	IBL India	India	India	1. RPA with Seller 2. NOA by Seller to Buyer • One-time NOA in case of Factoring under disclosed whole turnover basis. • Transaction-wise NOA in case of Invoice-wise Factoring transactions • Collection Agency Agreement if applicable (Refer "Note" in Section 1 "Executive Summary") 3. Deed of Assignment	1. Factoring Regulations Act, 2011 2. Factoring Regulation (Amendment) Act, 2021 3. RBI 4. IRDAI, where Trade Credit Insurance is taken

Domestic factoring through TReDS (without recourse only)	IBL India	India	India	1. Onetime Agreement with TReDS Exchange. 2. NOA by Seller to Buyer through TReDS exchange (Exposure on the Buyer)	1. Factoring Regulations Act, 2011 2. Factoring Regulation (Amendment) Act, 2021 3. TReDS guidelines 4. RBI
Factoring	**Disbursing Institution**	**Buyer**	**Seller**	**Documents**	**Law + Regulation as prevailing from time to time**
Cross border factoring - With Import Factor (with & without recourse)	IBL India	Outside India	India	1. Interfactor Agreement with import Factor. 2. Receivables Purchase Agreement with Seller 3. NOA from Seller to Buyer favouring IBL + NOA from IBL to Buyer favouring Import Factor. Credit Risk underwritten by Import Factor.	1. Factoring Regulations Act, 2011 2. Factoring Regulation (Amendment) Act, 2021 3.Modified GRIF (General Rules for International Factoring) 4. FEMA 5. RBI
Cross Border factoring – Risk assumed by IBL India	IBL India	Outside India	India	1. Receivables Purchase Agreement with Seller 2. Deed of Assignment 3. NOA from Seller to Buyer. 4. Collection Agency Agreement if applicable (Refer "Note" in Section 1 "Executive Summary") 5. Other documents as advised by external legal counsel to be engaged on a case-to-case basis. Credit Risk on the Buyer underwritten by IBL.	1. Factoring Regulations Act, 2011 2. Factoring Regulation (Amendment) Act, 2021 3. FEMA 4. RBI 5. IRDAI, where Trade Credit Insurance is taken

Cross border Reverse factoring with Partner	Partner institution	India	Outside India	1. Inter-factor Agreement with import Factor. 2. NOA from Seller to Buyer. Credit Risk on the Buyer underwritten by IBL except for disputes. IBL will be Import Factor.	1. Factoring Regulations Act, 2011 2. Factoring Regulation (Amendment) Act, 2021 3. Modified GRIF 4. FEMA
Cross border factoring through Factors Chain International (FCI) (with & without recourse)	IBL India	Outside India	India	1. Inter-factor agreement with Partner Institution 2. NOA from Seller to Buyer through FCI3. RPA with Seller 3. Deed of Assignment 4. Collection Agency Agreement if applicable (Refer "Note" in Section 1 "Executive Summary") (Risk on Buyer through Partner Institution that is underwriting the credit Risk) 5. NOA from Seller to Buyer favouring IBL + NOA from IBL to Buyer favouring Import Factor.	1. Factoring Regulations Act, 2011 2. Factoring Regulation (Amendment) Act, 2021 3.Edifactoring rules 4.Arbitration rules 5. GRIF guidelines 6. FEMA
Factoring	**Disbursing Institution**	**Buyer**	**Seller**	**Documents**	**Law + Regulation as prevailing from time to time**
Cross border Reverse factoring through FCI	Partner institution	India	Outside India	1. Inter-factor agreement with Partner Institution 2. NOA from Seller to Buyer through FCI (Risk on Buyer underwritten by IBL. IBL will act as Import Factor)	1. Factoring Regulations Act, 2011 2. Factoring Regulation (Amendment) Act, 2021 3.Edifactoring rules 4.Arbitration rules 5. GRIF 6. FEMA

Cross border factoring (with & without recourse)	IBL IBU	Outside India	India	1. RPA between IBL IBU and Seller. 2. Deed of Assignment 3. Collection Agency Agreement if applicable (Refer "Note" in Section 1 "Executive Summary") 4. NOA from Seller to Buyer favouring IBU + NOA from IBU to Buyer favouring Import Factor. (Exposure will be on the Seller in case of with recourse factoring, and on the Buyer in without recourse factoring) Direct exposure on foreign entities is to be considered on exception basis)	As per applicable law incl. FEMA & IRDAI
Cross border factoring (with & without recourse)	IBL IBU	India	Outside India	1. RPA between IBL IBU and Seller. 2. NOA from Seller to Buyer 3. Deed of Assignment 4. Collection Agency Agreement if applicable (Refer "Note" in Section 1 "Executive Summary") (Exposure will be on the Seller in case of with recourse factoring, and on the Buyer in without recourse factoring).	As per applicable law incl. FEMA & IRDAI
Factoring	**Disbursing Institution**	**Buyer**	**Seller**	**Documents**	**Law + Regulation as prevailing from time to time**
Cross border factoring (with & without recourse)	IBL IBU	Outside India	Outside India	1. RPA between IBL IBU and Seller. 2. Deed of Assignment 3. Collection Agency Agreement if applicable (Refer "Note" in Section 1 "Executive Summary") 4. NOA from Seller to Buyer favouring IBU + NOA from IBU to Buyer favouring Import Factor. Above documents to be subject to review by External Counsel or as	To check applicable law incl. FEMA & IRDA

				advised by the External Counsel.	

15.5 Regulatory Reporting

To be done by RRR&A team.

Reporting Period → / Reported Party →	CRILC			CIC		
	Seller	Buyer	Underwriter	Seller	Buyer	Underwriter
With Recourse *without any Underwriting by Import Factor*	Yes	No	Not Applicable	Yes	No	Not Applicable
With Recourse *alongwith* Underwriting *by* Import Factor	Yes	No	No - Refer 1	Yes	No	Yes - Refer 2
Without Recourse *Without any Underwriting by Import Factor*	No - Refer 3	Yes - *Refer 3*	Not Applicable	No - Refer *3*	Yes - Refer *4*	Not Applicable
Without Recourse *alongwith* Underwriting By *Import* Factor	No - Refer 4	*No - Refer 3*	No - Refer 1	No - Refer *3*	Yes - Refer *4*	Yes - Refer 2
With Limited Recourse & *without* Any Underwriting	Refer *5*	Refer *5*	Not Applicable	Refer *5*	Refer *5*	Not Applicable

1. The ultimate objective of CRILC is to report large exposures being lent by financial institutes along with their asset classification. We have not eased working capital cycle of 'Import Factor' hence no reporting for it in CRILC.

2. CIC shows the performance of loan towards financial institutions in terms their repayments. The Underwriter has committed to make repayment to IBL and make our loss good on non-repayment by Seller. Further, the overseas underwriter will be given unique number by RBI for reporting purposes.

3. Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 No. RBI/DBR/2015-16/25 Master Direction/DBR.FSD.No.101/24.01.041/2015-16 states as under:

"*a. The exposure shall be reckoned on the assignor for factoring on with-recourse basis.*
b. The exposure shall be reckoned on the debtor for factoring on without-recourse basis.
Provided that exposure shall be on the import factor in cases of international factoring.
c. The exposure shall be reckoned on the 'assignor' or the 'debtor' or the 'import factor', for factoring on limited recourse basis, depending on the terms of agreement."

Reporting is to be done on the party on which exposure is booked/ reckoned. Further, internal compliance team has given reference to RBI's observation on Badve Engineering case where RBI was satisfied with the reporting in CRILC on Buyer where the receivables were factored on non-recourse basis. In case of without recourse factoring, the exposure is reckoned on buyer.

4. Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 No. RBI/DBR/2015-16/25 Master Direction/DBR.FSD.No.101/24.01.041/2015-16 states as under:

"*Credit information regarding the non-payment of dues by the person on whom exposure was booked shall be furnished to the Credit Information Companies authorized by RBI subject to the guidelines under Credit Information Companies (Regulation) Act, 2005.*" In case of without recourse factoring, the payment performance of Buyer is to be reported as money is owed by the Buyer.
5. Reporting will be based on the terms & conditions of Sanction.
6. Insurance-backed cases are outside the scope as insurance will act as collateral be in line with Credit Risk Policy prescriptions and we don't report collateral in CERSAI & CICs.
Definition: The 'Credit Information Companies' (CICs) are different from CRILC. The CICs (four as of now) are to report the credit information (on repayment performance of loan) collected from Credit Institutions (CIs). Further the Central Repository of Information on Large Credits (CRILC) captures credit exposure information of borrowers having aggregate fund-based and non-fund-based exposure of Rs.50 million and above along with asset classification, hence the purpose (of CIC & CRILC) is different.
Effective 7th August 2025, IBU GIFT City to register with CERSAI and report transactions related to assignment and satisfaction of receivables. Please refer to Annexure IX for the IFSCA circular.

Receivables acquired under factoring will be reported under the head 'Bills Purchased and Discounted' in Schedule 9 of the Balance Sheet of the Bank prepared in terms of the format prescribed in the Third Schedule (Section 29) of the Banking Regulation Act, 1949. A separate disclosure will be made in the 'Notes' forming part of the Accounts (Schedule 19 of the Balance Sheet) with regard to factoring exposures. To avoid double financing, periodical certificates / DP statement shall be obtained from the Borrower on best effort basis. However, to be obtained mandatorily if specified in the Sanction Letter about factored receivables. The same will not be available in case of Factoring done under unadvised limits.

Further, the Buyer for whom Reverse Factoring is done, needs to make the required disclosures as per Indian Accounting Standard (Ind AS7), paragraphs 44F, G and H and paragraphs 62 and 63 vide Gazette of India MCA Notification. Please refer to Annexure M for the Gazette Notification.

15.6 Charge-filing with CERSAI

As per Factoring Regulation Act 2011, while factoring an invoice, invoice-wise charge must be filed with CERSAI for each invoice factored, indicating that the invoices have been factored.

On receipt of payment for the factored invoice, satisfaction of charge is to be filed on CERSAI, indicating that the payment has been received.

For factoring transactions done directly by the Factor, invoice-wise charge-creation filing/satisfaction of charge on CERSAI must be filed by the Factor within the stipulated period (currently 10 days) from the date of assignment or satisfaction thereof. Penalty for delayed filing of creation/satisfaction of charge is applicable for Registration of Assignment of Receivables (AOR) transactions as per the Factoring Act in force. Invoice-wise charge-creation filing/satisfaction of charge on CERSAI to be done by CAD.

For TReDs transactions, invoice-wise charge-filing/satisfaction of charge on CERSAI has to be filed by the respective TReDs platform within the stipulated period as per Factoring Regulations Act (currently 10 days) from the date of assignment or satisfaction thereof.

The relevant regulations are as follows.

1. Factoring Regulations Act, 2011, states as below:

   "Section 19: Registration of certain assignments of receivables transactions.
   (3): On realisation of the assigned receivables or settlement of the claim against the debtors, the factor shall file satisfaction of the assignment of receivables in its favour, in such manner and subject to payment of such fees as may be prescribed in this behalf."

2. Factoring Regulation (Amendment) Act, 2021 (amendment to Factoring Regulations Act, 2011) states as below:

   "a. Section 19(1): Every factor shall register the particulars of every transaction of assignment of receivables in his favour with the Central Registry set-up under section 20 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, within such time from the date of such assignment, in such manner and subject to payment of such fee, as may be prescribed (not exceeding currently 30 days).

   b. Section 19(1a): Where any trade receivables are financed through a Trade Receivables Discounting System, the particulars specified in sub-section (1) and sub-section (3) shall be filed with the Central Registry on behalf of the factor by the Trade Receivables Discounting System concerned, in such manner as may be specified by regulations".*

   *: As per Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022, Notification No. DOR.FIN.081/CGM(JPS) – 2022 dated January 14, 2022, the filing with the Central Registry needs to be done within a period of 10 days from the date of assignment of receivables or satisfaction thereof. Relevant extract from the Notification refers below:

3. Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022, Notification No. DOR.FIN.081/CGM(JPS) – 2022 dated January 14, 2022, states as below:

   "Registration of assignments of receivables transactions

   (1) Where any trade receivables are financed through a Trade Receivables Electronic Discounting System (TReDS); the concerned TReDS on behalf of the Factor shall, within a period of ten days, from the date of such assignment or satisfaction thereof, as the case may be, file with the Central Registry the particulars of

   (a) Assignment of receivables in favour of a Factor in Form I, which shall be authenticated by the authorized person using a valid electronic signature.

   (b) Satisfaction of any assignment of receivables on full realization of the receivables in Form II, which shall be authenticated by the authorized person using a valid electronic signature.

   (2) If the particulars referred in the sub-regulation (1) are not filed within the period specified therein, the Central Registrar may, on being satisfied on an application made in this behalf stating the reasons for the delay, allow the said particulars to be filed within such additional time not exceeding ten days as he may specify, upon payment of the fee as prescribed by GoI in Registration of Assignment of Receivables Rules, 2012, as amended from time to time.

(3) Every Form for registration of any transaction relating to assignment of receivables or satisfaction of receivables on realisation shall be accompanied by the fee, as prescribed by GoI in Registration of Assignment of Receivables Rules, 2012, as amended from time to time, to be paid to the Central Registrar in the manner as may be specified by the Central Registrar from time to time."

16. Delegation of Powers

As per grid stated below.

https://www.indusind.bank.in/content/dam/indusind-corporate/trade-finance-advisory/Approval-Deviation-Matrix-1st-Oct26.xlsx

17. Escalation and Grievance Redressal

As per Bank's escalation and grievance redressal mechanism (link given below):

https://www.indusind.bank.in/content/dam/regulatoryDisclosure/grievanceRedressal/grievance-redressal-mechanism.pdf

18. Charges

As per Banks Schedule of Charges approved by the Board of Directors.

Hosted on internet (link give below):

https://www.indusind.bank.in/in/en/personal/schedule-of-charges.html

19. Exceptions and Deviations

- Any deviation from this Policy or the Bank's SOP shall be supported by documented reasons and approved by the competent authority under the delegation matrix. Regulatory requirements shall not be overridden by internal delegation.
- Material regulatory ambiguity shall be referred to Compliance/Legal.
- Repeated customer-level exceptions shall be escalated for enhanced monitoring.
- High-risk jurisdictions, sanctioned parties, unusual transaction structures or adverse information shall be handled under the Bank's AML/sanctions framework.
- Exceptions shall be periodically reported to the appropriate governance forum.
- Incidents/Issues related to Policy, Product and Processes are offered under this policy shall be duly reported by the respective units in the bank's eGRC portal

20. Monitoring, MIS and Review

- Ageing of outstanding EDPMS/IDPMS entries.
- Export realisation extensions and reduction/write-off approvals.
- Import payment extensions and import advances not materialised.
- Third-party receipts/payments.
- MTT transactions approaching the permitted period.

- Project exports, material losses and terminated projects.
- Factoring transactions and recourse exposures.
- Customer complaints, processing delays and regulatory exceptions.
- Operational Key Risk indictors shall be established on monthly basis for products/Processes offered under the policy and to be reviewed periodically. Same will be prepared by Operational Risk Control Team and CGMO Team and will be submitted to RMD Team
- Risk control and self-assessment shall be carried out on periodical interval in line with Risk Management policy of the Bank.

A quarterly compliance/MIS report should be placed before the designated senior management / committee. The Policy shall be reviewed at least annually and earlier where there is a material regulatory or systems change.

E. Linkage with other policies

Not Applicable (NA)

F. SOP

A detailed Standard Operating Procedure (SOP) shall be maintained separately to support operational execution

G. Reporting Guidelines

All reporting shall be carried out in accordance with applicable RBI regulatory requirements. The regulatory reporting to RBI and other required regulators will be managed by Bank in line with the regulatory guidelines.

H. Effective date

This policy document will be applicable from 1st October 2026.

I. Frequency of Review and update:

The policy will be valid for a period of 1 year from the date of approval and will be reviewed after 1 year. Review of the revised policy will be carried out by Trade Product Team (TBG). The Managing Director & CEO of the Bank is authorized to amend/modify this Policy, provided that the amendments are within the regulatory framework. The changes approved by Managing Director & CEO will be notified in subsequent meeting of Risk Management Committee of the Board.

J. Relevant Guidelines:

This policy is framed in accordance with:

1. Foreign Exchange Management Act, 1999 (FEMA).

2. Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 [FEMA 23(R)/2026-RB].
3. Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023.
4. Foreign Exchange Management (Current Account Transactions) Rules, 2000.
5. Foreign Trade Policy (FTP) and Handbook of Procedures (HBP) issued by the Directorate General of Foreign Trade (DGFT).
6. Reserve Bank of India (RBI) Directions, Master Directions, Circulars, Operational Instructions and Frequently Asked Questions issued from time to time relating to export and import transactions.
7. EDPMS (Export Data Processing and Monitoring System), IDPMS (Import Data Processing and Monitoring System), FETERS and such other regulatory reporting frameworks prescribed by RBI from time to time.
8. Payment Aggregator-Cross Border (PA-CB) Framework and other payment system regulations and directions issued by RBI.
9. Factoring Regulation Act, 2011 and rules, regulations and amendments made thereunder.
10. Guidelines, notifications and instructions issued by SEZ Authorities, Software Technology Parks of India (STPI), Customs Authorities and other competent authorities, wherever applicable.
11. Uniform Customs and Practice for Documentary Credits (UCP 600), Uniform Rules for Collections (URC 522), Uniform Rules for Demand Guarantees (URDG 758), Uniform Rules for Bank-to-Bank Reimbursements under Documentary Credits (URR 725), Incoterms® 2020 and other applicable International Chamber of Commerce (ICC) rules and standards.
12. Applicable United Nations (UN), Office of Foreign Assets Control (OFAC), European Union (EU), HM Treasury (HMT), and other sanctions regimes, to the extent applicable to the Bank and the transaction.
13. The Bank's KYC, AML/CFT, Sanctions, Compliance, Trade Finance, Credit Risk, Operational Risk, Fraud Risk Management and other relevant internal policies and procedures.

Any other applicable law, regulation, notification, guideline, direction, circular or instruction issued by RBI, Government of India, DGFT, Customs Authorities, SEZ Authorities, STPI, Financial Intelligence Unit-India (FIU-IND), or any other competent authority.

K. Annexures

Annexure I - Indicative Documentation Requirements for Export Transactions

Annexure II - Indicative Documentation Requirements for Imports Transactions

Annexure II – Services to be reported in IDPMS

Annexure I - Indicative Documentation Requirements for Export Transactions

This Annexure provides indicative documentation requirements for processing export transactions. Based on the nature, value, risk profile and regulatory requirements of the transaction, IBL may seek additional documents or waive certain documents where permitted under applicable regulations and internal policies.

1. Declaration Requirement for Export of Goods

For processing, monitoring and closure of the corresponding EDPMS entry, the exporter shall submit the following documents to IBL, as applicable:

- Invoice-cum-Packing List or separate Commercial Invoice and Packing List.
- Shipping Bill details.
- Applicable transport document, including Bill of Lading, Airway Bill, Lorry Receipt, Railway Receipt or Courier Receipt.
- Covering letter containing Shipping Bill/EDF particulars required for EDPMS reconciliation.
- Any additional document as may be required under FEMA, Customs regulations or the Bank's risk-based due diligence framework.

2. Declaration Requirement for Export of Services

Along with the EDF, the exporter shall submit:

- Service export invoice(s) containing the applicable SAC code.
- Invoice-wise annexure reconciling customer-wise and invoice-wise details where a consolidated EDF is filed.
- FIRC, credit advice, bank statement or evidence of realization where export proceeds have already been received.
- Any other document deemed necessary by IBL based on the nature of the transaction.

3. Declaration Requirement for Export of Software

Where the EDF is submitted directly to IBL, the exporter shall submit:

- Software export invoice containing applicable SAC code and description of software or services exported.
- Relevant realization details, where available.
- Such declarations and certifications as may be prescribed by the competent authority.

Based on its risk assessment of the customer and transaction, IBL may additionally obtain:

- Master Service Agreement, contract or work order.
- Delivery, acceptance or completion certificates.
- Data transfer, hosting or transmission records.
- STPI or SEZ registration certificate, where applicable.
- Related-party declaration where the overseas customer is a group, subsidiary or associate entity.

Such documents shall not be treated as mandatory for every software export transaction and shall be obtained selectively based on the Bank's risk-based due diligence framework.

4. Non-Reflection of EDF in EDPMS

Where the exporter has submitted the EDF but the corresponding export declaration is not reflected in EDPMS, IBL may obtain the following documents from the exporter:

- Copy of the authenticated EDF or Shipping Bill.
- Export invoice.
- Transport document.
- Any acknowledgement issued by Customs, SEZ, STPI or other specified authority.
- Written explanation regarding the non-reflection of the transaction.

IBL shall undertake appropriate follow-up with the exporter and, where necessary, with the concerned authority for reconciliation and updation of EDPMS.

5. Receipt of Export Proceeds and Documentation

At the time of receipt of export proceeds, IBL shall obtain such information and documents as may be necessary to establish the genuineness of the transaction, reconcile the inward remittance and update the corresponding EDPMS entry.

Such documents may include:

- SWIFT message, inward remittance advice, FIRC particulars, credit advice or equivalent proof of receipt.
- Shipping Bill, EDF, invoice or export reference.
- Commercial invoice and supporting export documents, wherever required.
- Applicable FETERS purpose code.
- Export agreement, contract or purchase order, as applicable.
- Letter of Credit, collection instructions or negotiating bank details, where applicable.

6. Export Bill Lodgement - Documentation Requirements

A. Export of Goods (Non-LC Transactions)

(a) Export Bill Lodgement under Collection - Bank Dispatch

The exporter shall submit:

1. Customer Request Letter containing FEMA declaration and collection instructions.
2. Commercial Invoice-cum-Packing List or separate Invoice and Packing List.
3. Transport Document (Bill of Lading, Air Waybill, Courier Receipt, Multimodal Transport Document, etc.).
4. Shipping Bill details.

(b) Export Bill Lodgement under Collection - Direct Dispatch by Exporter

The exporter shall submit:

1. Customer Request Letter containing FEMA declaration.
2. Copies of export documents dispatched directly to the buyer or collecting bank.
3. Shipping Bill details.

(c) Export Bill Regularisation Against Advance Payment

Where shipment is made against export advance previously received, the exporter shall submit:

1. Customer Request Letter containing FEMA declaration.
2. Commercial Invoice-cum-Packing List.
3. Transport Document.
4. Shipping Bill details.
5. IRM/FIRC/Credit Advice details relating to the advance receipt.

IBL shall match the shipment with the export advance and update the relevant EDPMS records accordingly.

B. Exports Under Letter of Credit (LC)

For export bills negotiated or handled under an LC, the exporter shall submit:

1. Customer Request Letter containing FEMA declaration.
2. All documents stipulated under the terms and conditions of the Letter of Credit.
3. Any other document required by IBL for compliance or operational purposes.

C. Export of Services and Software

The exporter shall submit:

1. Customer Request Letter containing FEMA declaration.
2. Export Declaration Form (EDF), submitted within the timelines and in the manner prescribed under FEMA 23(R).
3. Service or Software Export Invoice.

For software exports, EDF may be filed with IBL or STPI, as applicable under FEMA 23(R).

D. Case-Specific Documentation

(a) Exports to SEZ in Foreign Currency

Where proceeds are received from an SEZ Foreign Currency Account, the exporter shall provide:

- Certificate from the remitting bank; or
- Confirmation from the SEZ unit confirming remittance from its Foreign Currency Account.

(b) Small-Value Shipping Bills (Up to ₹10 Lakh or Equivalent Foreign Currency)

IBL may regularise the transaction based on a customer declaration confirming:

- Full receipt of export proceeds; or
- Details of short realisation, reduction or permissible closure.

(c) Export to warehouse

IBL may permit export of goods to warehouses located outside India in accordance with FEMA 23(R), RBI directions and the applicable Foreign Trade Policy

Documentation Requirements

In addition to the documents prescribed for export advances and export realisation transactions, the exporter shall submit the following:

At the time of export bill lodgement

1. Confirmation from the exporter that the shipment pertains to export of goods to an overseas warehouse.
2. Details of the overseas warehouse arrangement.
3. Undertaking to provide the date of sale once the goods are sold from the warehouse.

At the time of realisation

1. Final sale invoice and/or sale receipt.
2. Confirmation from the exporter regarding the date of sale of goods from the overseas warehouse.
3. Any other documentary evidence required by IBL for verification and EDPMS compliance.

For transactions undertaken through Bharat Mart Warehouses or any similar government-approved overseas warehousing arrangements, the applicable regulatory approvals, operational requirements and prescribed timelines shall continue to be complied with in accordance with the prevailing regulatory framework.

(D) Export on lease hire basis

IBL may process exports undertaken on a lease, hire, rental or similar contractual basis, subject to satisfaction regarding the commercial rationale and bona fides of the underlying transaction.

Prior to processing the transaction, IBL shall evaluate:

- The purpose and commercial justification for the lease or hire arrangement.
- Permissibility of the transaction under FEMA, RBI regulations and the Foreign Trade Policy.
- The proposed payment and repatriation structure.

Documentation Requirements

In addition to the documents prescribed for export advances or export bill lodgement, the exporter shall submit:

1. Copy of the lease, hire, rental or similar agreement executed between the parties.
2. Details of lease rentals, payment terms and repatriation arrangements.
3. Any other supporting documents considered necessary by IBL based on the nature of the transaction and the Bank's risk assessment framework.

IBL may seek additional documentation or approvals for complex, long-term or structured leasing arrangements, as applicable.

7. Extension of Time

Documentation Requirements

The exporter shall submit:

1. Customer Request Letter/Declaration seeking extension of time and specifying:
    - Nature of extension requested (shipment or realisation).
    - Reasons for the delay.
    - Revised expected shipment or realisation date.
    - Relevant Shipping Bill, EDF, IRM or EDPMS reference details, as applicable.
2. Any additional supporting documents, correspondence or evidence that may be required by IBL based on the nature of the transaction, customer profile or regulatory requirements.

8. Reduction or Non-Realisation for Transactions up to ₹10 Lakh

The declaration shall, at a minimum, include:

- Shipping Bill or invoice details.
- Amount realised.
- Related IRM/FIRC details.
- Amount proposed for reduction or write-off.
- Reason for reduction, under-realisation or non-realisation.
- Confirmation regarding correctness of information furnished.

IBL shall maintain appropriate records, approvals and audit trails for all such cases.

9. Reduction, Under-Realisation or Non-Realisation Above ₹10 Lakh

For transactions exceeding ₹10 lakh or its foreign currency equivalent, the exporter shall submit:

1. Customer request letter specifying the amount proposed for reduction, under-realisation or write-off.
2. Detailed rationale for the request, including:
    - Quality or quantity claims.
    - Commercial disputes.
    - Contract cancellation.
    - Volume discount or price revision.
    - Credit notes issued.
    - Goods lost or destroyed.
    - Buyer insolvency.
    - Settlement agreements.
    - Any other bona fide commercial reason.
3. Relevant Shipping Bill, EDF, SOFTEX or export invoice details.
4. Supporting documents appropriate to the nature of the request, such as:
    - Buyer correspondence.
    - Debit notes or credit notes.
    - Settlement agreements.
    - Arbitration awards.
    - Court orders.
    - Insurance or ECGC claim settlements.
    - Liquidator certificates.
    - Destruction or confiscation certificates.
    - Any other documentary evidence supporting the claim.

10. Over-realisation of export proceeds

Framework for over-realisation, includes:

excess receipt against invoice

price escalation
supplementary invoice
excess advance adjustment
allocation across multiple shipping bills or invoices
unidentified excess receipt
refund of excess proceeds
EDPMS and FETERS treatment
Audit trail.

11. Set-off

The customer shall submit the following documents and information:

- Written request identifying the export receivable(s) and import payable(s) proposed to be set off.
- Relevant export invoices, Shipping Bills, EDFs, service invoices or other export documents.
- Relevant import invoices, Bills of Entry and supporting import documents.
- Documentary evidence supporting the relationship between entities where the arrangement involves group or associate companies.
- Written agreement, mutual consent, centralized settlement agreement, netting arrangement or other legally enforceable document supporting the set-off arrangement, as applicable.
- Confirmation that the export realization period, including any extension granted by IBL, has not expired.
- Any additional information, declarations, auditor certificates or Chartered Accountant certificates considered necessary by IBL.

IBL may obtain additional documentation based on the customer profile, transaction value, jurisdiction involved, complexity of the arrangement or regulatory requirements.

12. Third-Party Receipts

The exporter shall submit the following documents and information, as applicable:

1. Written request identifying the third party and explaining its relationship with the exporter and overseas buyer.
2. Underlying export contract, purchase order, sales agreement, invoice or other trade documents evidencing the transaction.
3. Documentary evidence supporting the third-party arrangement, such as:
    - Tripartite Agreement
    - Group company confirmation
    - Assignment Agreement
    - Factoring Agreement
    - Insurance subrogation documents; or
    - Any other document evidencing the commercial or legal basis of the arrangement.
4. Supporting correspondence between the parties.
5. Customer undertaking confirming the authenticity of the arrangement.
6. Revised commercial contract or invoice, as applicable.
7. KYC and identification details of the third party, if required by IBL for due diligence purposes.

IBL may seek additional information or documentation based on the value, complexity, nature and risk profile of the transaction.

13. Documentation for Acceptance of Export Advances

The exporter shall submit the following documents and information, as applicable:

For Goods, Services and Software Exports

1. Disposal Instructions.
2. FEMA Declaration (which may form part of the disposal instructions).
3. Underlying export contract, purchase order, sales agreement, proforma invoice or other document evidencing the advance payment arrangement.
4. Overseas buyer details, wherever required.

Where a Part Advance Has Been Received Through Another Authorised Dealer Bank

- Email communication or formal intimation from the other Authorised Dealer Bank.
- e-FIRC, credit advice or equivalent evidence of receipt.
- Details of advance already reported and monitored.

Documents and information may be submitted in physical or electronic form, subject to the Bank's documentation standards.

14. Refund of Export Advances

The exporter shall submit the following documents:

1. Customer Request Letter containing:
    - FEMA declaration.
    - Details of the original advance receipt.
    - Amount proposed to be refunded.
    - Reason for non-shipment/non-performance of export obligation.
    - Confirmation regarding status of the corresponding EDPMS entry.
2. Form A2, duly completed and signed, as applicable.
3. Copy of the underlying export contract, purchase order, sales agreement or cancellation communication from the overseas buyer, wherever required.
4. Details of the original inward remittance, including FIRC, credit advice, SWIFT reference or equivalent evidence of receipt.

Any additional documents or information considered necessary

15. Refund of Export Proceeds

The exporter shall submit the following documents and IBL shall verify

- Verify the bona fides of the transaction.
- Assess the exporter's track record and compliance history.
- Satisfy itself regarding the genuineness of the reason for refund, including quality disputes, contractual disputes, rejection of goods or similar commercial circumstances.
- Obtain evidence that applicable export incentives have either not been availed or, where availed, have been surrendered or adjusted in accordance with the requirements of the relevant authority.
- Ensure appropriate updation and regularisation of the corresponding EDPMS entry.

IBL may waive the requirement of physical re-import of goods where the goods have been destroyed, auctioned, confiscated or otherwise disposed of by Customs, Port, Health or other competent authorities in the importing country, subject to satisfactory documentary evidence being provided by the exporter.

In all other cases, IBL may obtain an undertaking from the exporter to re-import the goods within the time period prescribed under the applicable regulatory framework.

16. State Credit arrangements

Exporters undertaking exports under State Credit arrangements shall submit such documents and information as may be prescribed by RBI, Government authorities and the applicable bilateral arrangement.

The documentation may include:

1. Customer Request Letter containing FEMA declaration.
2. Export contract executed under the State Credit arrangement.
3. Export Declaration Form (EDF), as applicable.
4. Allocation letter, approval, authorisation or certification issued by the competent Government authority.
5. Shipping and commercial documents relating to the export transaction.
6. Any approvals, confirmations or declarations required under the applicable RBI framework.
7. Any additional information or documentation sought by IBL for due diligence, monitoring or regulatory compliance purposes.

IBL shall verify the documents and ensure compliance with all reporting, monitoring and operational requirements applicable to State Credit exports.

17. Change of Overseas Buyer or Consignee

The exporter shall submit:

- Customer request letter explaining the reasons for the change.
- Supporting correspondence with the original and revised buyer.
- Revised commercial documents, as applicable.
- Any additional documents required by IBL.

Where the proposed arrangement results in reduction of export value, the provisions relating to reduction in export realization shall apply.

18. Consignment Exports

The exporter shall provide:

- Account sales statements received from the overseas consignee or agent.
- Supporting bills, invoices or receipts for material deductions claimed.
- Such additional information as may be required by IBL.

For consignment exports, freight and marine insurance shall ordinarily be arranged by the exporter unless otherwise permitted under the applicable commercial arrangement.

In respect of exports of books and similar products, IBL may permit deduction of the value of unsold goods from sale proceeds where supported by satisfactory account sales and commercial evidence.

Any exception or deviation shall be dealt with under the Bank's internal approval framework.

19. Project Exports

Information to be Provided for Project Export Intimation

The exporter shall provide, as applicable, the following information:

A. Project Details

- Contract amount.
- Date of contract.
- Project tenure, including maintenance period, if any.
- IEC details.
- Nature and scope of work.

B. Overseas Buyer Details

- Name and address.
- Nature of business.
- Details of project owner, employer or contracting authority.
- Information regarding financing by multilateral institutions such as World Bank, ADB or similar agencies, where applicable.

C. Break-up of Contract Value

- Supplies from India.
- Services from India.
- Third-country supplies.
- Local supplies.
- Total contract value.

D. Exported Goods and Services

- Description of goods/services.
- Currency and value.
- Incoterms.
- Payment terms.
- Advance payment details.
- Shipment and execution schedule.

E. Sub-contractors and Consortium Members

- Details of consortium partners or subcontractors.
- Nature of work assigned.
- Back-to-back payment arrangements.

F. Foreign Exchange Outflows

- Import payments.
- Third-country procurement.
- Freight charges.
- Agency commission.

- Royalty or licence fee payments.
- Other project-related remittances.

G. Project Execution Arrangements

- Machinery and equipment deployment plans.
- Overseas site offices.
- Foreign currency accounts.
- Mobilisation expenses.
- Credit facilities and guarantees required.

H. Cost and Profitability

- Estimated project profitability.
- Expected foreign exchange earnings.

20. International Trade Settlement in Indian Rupees

Customers undertaking International Trade Settlement in INR shall submit the documents applicable to the underlying export or import transaction, including:

1. Commercial Invoice.
2. Export or Import Contract, Purchase Order or Trade Agreement.
3. Shipping Bill, EDF, Bill of Entry or other applicable trade documents.
4. FEMA declaration, as applicable.
5. Confirmation of the relevant SRVA arrangement, as applicable.
6. Any additional documents or declarations prescribed under RBI directions or IBL's internal policies.

IBL may obtain such additional information as may be necessary to satisfy itself regarding the authenticity and regulatory compliance of the transaction

Annexure II - Indicative Documentation Requirements for Imports Transactions

1. Advance Remittance for Import of Goods / Services (Feters Purpose Code: S0101)

Eligibility: An internal policy / approval matrix needs to be established to handle exception cases.

Applicants maintaining KYC complied operative account with the branch since last 6 months (exceptions may be permitted as per deviation matrix). Should have valid IE Code in the System

Important Points:

- Client request for import remittance
- Copy of confirmed underlying contract/sale agreement /purchase order etc.
- Import License for goods included in the negative list which require licence under the Foreign Trade Policy in force
- With reference to the applicant's line of business, financial standing, frequency of import, etc. genuineness of the import shall be established.
- The import is permitted as per the FTP
- Ensure the transaction does not have linkage with Specially Designated Nations and blocked person (SDN) countries listed under OFAC/UN sanctions in any manner
- If the amount of advance remittance exceeds USD 200,000 or its equivalent per import of goods and USD 500,000 per import of service an unconditional, irrevocable standby Letter of Credit or a guarantee from an international bank of repute situated outside India or a guarantee of an AD Category – I bank in India, shall be obtained or permission from competent authority as per Deviation Matrix for Trade Transactions shall be obtained.
- Ensure no defaults in submission of evidence of import for remittances made earlier, else future advance remittances would be against SBLC/BG.

In case of Advance Remittance for Import of Rough Diamonds ensure the following:

- The overseas mining company should have the recommendation of GJEPC.
- The importer should be a recognised processor of rough diamonds and should have a good track record.
- Transactions to be undertaken based on commercial judgment and after being satisfied about the bonafides of the transaction.
- Due caution may be exercised to ensure that remittance is not permitted for import of conflict diamonds (Kimberly Certification)

2. PAYMENT OF DIRECT IMPORT BILLS - GOODS (Feters Purpose Code: S0102 : Payment towards Imports – Settlement of invoices other than Nepal and Bhutan)

Eligibility Conditions: An internal policy / approval matrix needs to be established to handle exception cases.

- Receipt of import documents by the importer directly from overseas suppliers
- Import bills and documents should be received from the banker of the supplier by the banker of the importer in India. Branches should not, therefore, make remittances where import bills have been received directly by the importers from the overseas supplier, except in the following cases:
    - Where the value of import bill of entry does not exceed USD 300,000.

- Import bills received by wholly-owned Indian subsidiaries of foreign companies from their principals.
- Import bills received by Status Holder Exporters as defined in the Foreign Trade Policy, 100% Export Oriented Units / Units in Special Economic Zones, Public Sector Undertakings and Limited Companies.
- Import bills received by all limited companies viz. public limited, deemed public limited and private limited companies.
- The facility shall be extended only to regular importers and genuineness of transactions shall be established with reference to the applicant's line of business, financial standing, frequency of import, vintage etc.
- Ensure the do ability of the transaction before contracting for any FX rates
- If any FWD Contracts are booked against this transaction by the importer it shall be taken care of.
- Verify the evidence of import from IDPMS at the time of effecting remittance of import bill.
- Ensure the transaction does not have linkage with Specially Designated Nations and blocked person (SDN) countries listed under OFAC/UN sanctions in any man

Documents required:

- Application for payment of direct import bills
- Self-Attested copy of Commercial Invoice
- Transportation Document (self-Attested copy of Airway Bill/Bill of Lading/Courier receipt)
- Triplicate Exchange Control copy of Bill of Entry in original/ Copy of Bill of Entry (in case of IDPMS)/ Courier wrapper/ Postal Appraisal Form/ Custom Assessment Certificate/ CA certificate (in case of Service Export/Import)
- Underlying contract copy to ascertain the actual due date of the bill
- Supportive documents in case of delayed payment.
- Other documents, if any

3. PAYMENT FOR NON-PHYSICAL IMPORTS/SOFTWARE IMPORTS (Feters Purpose Code: S0807 : Payment towards Imports – Settlement of invoices other than Nepal and Bhutan)

Eligibility Conditions:

- Minimum vintage of six months of the applicant shall be ensured for extending the facility or proper CDD/EDD shall be conducted on the importer for the genuineness and bonafides of the transactions.
- Imports are made in non-physical form, i.e., software or data through internet / datacom channels and drawings and designs through e-mail / fax and no evidence of import is available other the CA certificate
- The facility shall be extended only to regular importers and genuineness of transactions shall be established with reference to the applicant's line of business, financial standing, frequency of import, vintage etc. to avoid any attempt of money laundering.
- Ensure the do ability of the transaction before contracting for any Fx rates
- If any FWD Contracts are booked against this transaction by the importer it shall be taken care of.
- Ensure genuineness of the CA certificate.
- Ensure the transaction does not have linkage with Specially Designated Nations and blocked person (SDN) countries listed under OFAC/UN sanctions in any manner

Documents required

- Application for payment of direct import bills
- Self-Attested copy of Commercial Invoice
- A certificate from a Chartered Accountant that the software / data / drawing/ design has been received by the importer as evidence of import
- Supportive documents in case of delayed payment.
- Other documents, if any

4. RECEIPT OF IMPORT BILLS BY BRANCH - DIRECTLY FROM OVERSEAS SELLER (Feters Purpose Code: S0102: Payment towards Imports – Settlement of invoices other than Nepal and Bhutan)

Eligibility Conditions:

- At the request of importer clients, branch may receive bills directly from the overseas supplier. Branch shall be fully satisfied about the financial standing/status and track record of the importer customer before handling such bills.
- Before extending the facility, branch should obtain a report on each individual overseas supplier from the overseas banker or a reputed overseas credit agency. However, such credit report on the overseas supplier need not be obtained in cases where the invoice (services) / bill of entry (goods) value does not exceed USD 300,000 provided branch is satisfied about the bonafides of the transaction and track record of the importer constituent.
- This facility shall be extended only for regular importer clients with good track record

Process for receipt of Documents

- Verify the entire set of documents received at the branch to identify the nature of goods, its importability, value etc, with that of the profile of the importer client.
- Affix date stamp
- Ensure the transaction does not have linkage with Specially Designated Nations and blocked person (SDN) countries listed under OFAC/UN sanctions in any manner.
- Scan and upload for lodging and in case of inadmissibility of the transaction document shall be returned after lodging

5. RECEIPT OF IMPORT BILLS BY BRANCH FROM OVERSEAS BANKS (Feters Purpose Code: S0102: Payment towards Imports – Settlement of invoices other than Nepal and Bhutan)

Eligibility Conditions:

- Import documents received will only be handled if received for our importer clients maintaining operative accounts

Process

- Verify the entire set of documents received at the branch to identify the nature of goods, its importability, value etc, with that of the profile of the importer client.
- Identify the documents enclosed with that mentioned in the covering schedule
- Affix date stamp
- Ensure the transaction does not have linkage with Specially Designated Nations and blocked person (SDN) countries listed under OFAC/UN sanctions in any manner.
- Scan and upload for lodgement without any delay

6. **RELEASE OF IMPORT DA BILLS TO IMPORTERS BY BRANCHES (Feters Purpose Code: S0102 : Payment towards Imports – Settlement of invoices other than Nepal and Bhutan)**

Eligibility Conditions:

- Import documents received shall be released after lodgement in the system to the importer as per the collection instructions only
- Documents shall be delivered to the importer against acceptance of Bill of Exchange/Draft, if any, and strictly as per the instructions of the remitter mentioned in the covering schedule.
- In case of usance/deferred payment bills received without any BE/Draft it shall only be handed over against acceptance of deferred payment terms by the importer in their letter Head.
- One set of copies of all documents handed over to the importer shall be filed along with the BE/Draft/Letter of acceptance and kept in Jt. Custody.
- Accepted Due Date and release of the documents shall be communicated to the overseas remitting Bank by SWIFT
- Diarise the accepted due date for future tracer for payment

7. **RELEASE OF IMPORT SIGHT BILLS (Feters Purpose Code: S0102: Payment towards Imports – Settlement of invoices other than Nepal and Bhutan)**

Eligibility Conditions:

- Import sight documents received and lodged for our regular importer.

Documents:

- Application for Import remittance
- Documents shall be delivered to the importer against payment only and strictly as per the instructions of the remitter mentioned in the covering schedule.
- Import Collection Intimation shall get duly discharged by the importer
- Ensure sufficient balance is available in the operative account of the importer and earmark till CPC process the realisation.
- Check for any forward contract booked for the transactions or FX deal shall be taken as the case may be.
- Scan an upload the discharged Bill Intimation and overseas Bank's covering schedule to CPC for realisation and remittance.
- One set of copies of all documents shall be filed along with copy of remittance.
- Diarise for submission of Bill of Entry

8. **PAYMENT OF DA/DEFERRED PAYMENT BILLS (Feters Purpose Code: S0102: Payment towards Imports – Settlement of invoices other than Nepal and Bhutan)**

Eligibility Conditions:

- DA/Deferred Payment bills on its maturity by the importer client

Documents:

- Request for payment / Import Collection Intimation shall get duly discharged by the importer.
- Bill of Entry details and ensure that the same is reflecting in IDPMS as unutilised.

- Ensure sufficient balance is available in the operative account of the importer and earmark till OPD process the realisation.
- Check for any forward contract booked for the transactions or FX deal shall be taken as the case may be
- Scan an upload the discharged Bill Intimation/request and overseas Bank's covering schedule with details of Bill of Entry to OPD for realisation and remittance.
- One set of copies of all documents shall be filed along with copy of remittance.
- Accepted Draft/BE shall be returned to the importer marking received payment
- CGMO shall verify the evidence of import from IDPMS at the time of effecting remittance of import bill. However, if importers fail to produce documentary evidence due to genuine reasons such as non- arrival of consignment, delay in delivery/ customs clearance of consignment, etc., and if satisfied with the genuineness of request, allow reasonable time, not exceeding three months from the date of remittance to the importer to submit the evidence of import. Such instances of extension shall be followed up with the importer meticulously.

9. NON-PAYMENT /NON-ACCEPTANCE OF IMPORT BILLS BY IMPORTER (Feters Purpose Code: S0102 : Payment towards Imports – Settlement of invoices other than Nepal and Bhutan)

Eligibility Conditions:

- Import collections lodged and intimated or import bills accepted on DA/deferred payment terms, where:
- Importer is not taking delivery of the import bills by acceptance or payment even after 10 days from intimation
- Importer is not making payment on accepted due date/maturity
- Branch is considered as an agent for collection, and it is the duty implied on them to update the principal on the fate on the collection instruction and obtain revised mandates from time to time
- Branch's effort connecting with importer for his performance on the import collection is not fruitful and outstanding beyond due dates
- Branch to report the status of collection to the overseas bank and obtain revised instructions through SWIFT. In this regard the suggested actionable are listed below for which branch shall take up with OPD for SWIFT message transmission.
    - a. In case of SIGHT/DA bills, if not released by the importer within reasonable 10 days after intimation, do report non-payment to the overseas remitting bank and seek further action.
    - b. In case of released DA bills if not paid 10 days past its maturity seek fresh instruction on handling the accepted financial documents (Draft/BE)
    - c. In case of (a) above if no response is received from the remitter by 15 days of intimation, a final reminder shall be initiated demanding handling charges and return courier charges for returning the documents. Simultaneously importer may also contact for acceptance or release.
    - d. In (b) above if no instruction is received within in 15 days of intimation, a final reminder shall be initiated demanding handling charges and return courier charges for returning the accepted financial documents.
    - e. If no revised collection instructions are received from the overseas banks within the mentioned timelines, the documents shall be returned to the remitting bank, and bills shall be closed in the system assigning proper reason.
    - f. Handling charges if not received shall continue to be followed up or adjusted from any future collections

10. NON-SUBMISSION OF EVIDENCE OF IMPORT/WRITE-OFF OF BOE

In case of all imports, irrespective of the value of foreign exchange remitted / paid for import into India, it is obligatory on the part of the branch through which the relative remittance was made, to ensure that the importer submits BoE number, port code and date for marking evidence of import under IDPMS.
Non-submission of BoE/evidence of import for the matching amount of import remittance may be due to:

1. Delay in import
2. Delay in arrival of cargo or customs clearance
3. Short shipments by the overseas exporter
4. Import payments are reduced on account of quality issues, discount extended by supplier, various charges imposed, mutual consent, loss of cargo etc.
5. Cancellation of import order and failure to repatriate the remittance effected.
6. Non-execution of shipment by overseas seller on account any reasons including insolvency/stoppage of activity etc
7. Remittance turned fraudulent because of email phishing
8. Non-clearance of cargo by importer due to any reasons
9. Refusal of clearance or destruction of cargo by customs authorities as per policy on Import of goods to India

Extension of time or Waiver/ Write off for submission of BoE

- CGMO TRAC may give extension in consultation with CPC for submission of BoE beyond the prescribed period in terms of the extant guidelines on the matter, and the same will be reported in IDPMS as per the message "Bill of Entry Extension" and the date up to which extension is granted will be indicated in "Extension Date" column in eligible cases. The BOE due date may be extended for a period not exceeding six months at a time.
- Physical import of goods into India should be made within three months (twelve months in case of capital goods) from the date of remittance and the importer should give an undertaking to furnish documentary evidence of import within fifteen days from the close of the relevant period. Branches, if satisfied with the request, may allow extension of time for import not exceeding one month (three months in case of capital goods). In cases where the advance remittance has been made against a bank guarantee, the guarantee should be suitably amended, if need be, to cover the extended period for import of goods into India.
- Branches can consider closure of BoE/ORM in IDPMS that involves write off to the extent of 5% of invoice value in cases where the amount declared in BoE varies from the actual remittance due to operational reasons and branch is satisfied with the reason/s submitted by the importer.
- Branches banks may close the BoE for such import transactions where write off is on account of quality issues; short shipment or destruction of goods by the port / Customs / health authorities in terms of extant guidelines on the matter subject to submission of satisfactory documentation by the importer irrespective of the amount involved. CPC shall settle and close ORM/BoE with appropriate "Adjustment Indicator" in IDPMS.
- The above operational guidelines for extension and write off are meant to facilitate closure of bills in IDPMS and will be subject to extant guidelines on the matter and not absolve the importer from remitting / receiving the amount in case of change in circumstances.

While allowing write off, branch must ensure that:

- The case is not the subject matter of any pending civil or criminal suit.
- The importer has not come to the adverse notice of the Enforcement Directorate or the Central Bureau of Investigation or any such other law enforcement agency; and
- There is a system in place under which internal inspectors or auditors of the branches (including external auditors) should carry out random sample check / percentage check of write-off of import bills.

ANNEXURE III – SERVICES TO BE REPORTED IN EDPMS / IDPMS

IEDPMS Interlink Applications - Purpose Codes

https://www.indusind.bank.in/content/dam/indusind-corporate/trade-finance-advisory/Purpose-codes-for-Export-and-Import-of-Goods-and-services.pdf