

CHAPTER 19

IMPORTS TRADE/ FEMA GUIDELINES

CHAPTER 19

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19.1. INTRODUCTION

Import is defined as bringing into India any item by sea, land, air or through electronic media. Control over import of goods and services into India is exercised by the Director General of Foreign Trade (DGFT) under the Ministry of Commerce, Government of India. The policy enunciated by this Authority is made available to the public through the Foreign Trade Policy announced from time to time. Earlier the Foreign Trade Policy used to be announced annually. However, w.e.f. 1.4.1992, the Govt. Of India came out with Foreign Trade policy valid for 5 years period to afford continuity and stability. The present policy is effective from 27.8.2009 to 31.3.2014 subject to the amendments made by means of notifications published in the Gazette of India from time to time. The procedure to be followed in connection with the import is laid down in the 'Hand Book of Procedures'. Any change in the policy or the procedure is informed to the public through 'Public Notices', Amendment Orders' etc.

A.P.(DIR Series) Circular No. 9 dated 24.8.2000 of FEMA 1999 published by RBI details the various FEMA Regulations pertaining to release of foreign exchange for import payments. Subsequent amendments are also made through A.P.(DIR Series) circulars issued from time to time.

Handling of Import business should also be in compliance with FEDAI guidelines, credit norms and internal operational instructions of the Bank.

TRADE CONTROL PROVISIONS

19.1.1 VALID IMPORT

Import is considered as valid if following conditions among others are fulfilled:

- i) Shipment/ dispatch of the goods from the supplying country takes place within the validity period of the licence/ Customs Clearance Permit.
- ii) Description, quantity, quality and value should be as per licencing conditions, if the imports have taken place under licence. The item imported is in accordance with Exim policy as stated in ITC (HS) classification of import items.
- iii) Compliance of the terms and conditions contained in the licence/ Customs Clearance Permit and the EXIM Policy and Procedures in regard to the item and other connected matters.

19.1.2 IMPORTER-EXPORTER CODE NO. (IEC)

The importer must possess an 'IMPORTER-EXPORTER CODE NUMBER' allotted by DGFT.

Customs Authorities will not allow any person to import or export goods into or from India unless he holds a valid IEC number (unless exempted from obtaining IEC, under provisions of the Exim Policy). (For details, please refer para 2A, Chapter 2 of Book of Instructions on Exports)

19.1.3 CATEGORIES OF IMPORTERS:

Importers are broadly classified as under:

- i) Actual user importer
- ii) Stock and sale importer
- iii) Private importer

For purpose of licensing, importers are divided into following broad categories :

- i) Actual users
 - a) Industrial (AU(I))
 - b) Non-industrial (AU(NI))
- ii) Exporters holding registration cum membership certificate (RCMC)
 - a) Manufacturer Exporters
 - b) Merchant Exporter

'Actual User' means an importer who utilises the imported goods for himself, may be industrial or non-industrial

Actual user (Industrial) means a person who utilises the imported goods for manufacturing in his own Industrial unit or manufacturing for his own use in another Industrial unit including a jobbing unit.

Actual user (Non Industrial) means a person who utilises the imported goods for his own use in :

- i) any commercial establishment for carrying on any business, trade or profession or
- ii) any laboratory, scientific or Research and Development Institution or other Educational Institution or
- iii) any service Industry (includes an Individual, firm, society, Company, Corporation or any other legal person)

'Registration cum membership certificate (RCMC) means a Certificate issued by any Export Promotion Council, Commodity Board or other registering authority designated by Government for the purposes of export promotion. For Export Houses, Trading Houses, Star Trading Houses and Super Star Trading Houses, RCMC will be issued by Federation of Indian Export Organisations (FIEO).

'Manufacturer Exporter' means a person who manufactures goods and exports or intends to export such goods.

'Merchant Exporter' means a person engaged in trading activity and exporting or intending to export such goods.

19.1.4 CLASSIFICATION OF ITEMS

For the purpose of import, items are classified as

1. Prohibited items - Imports not permitted
2. Restricted Items - Against licence/ as per Public Notice
3. Free items - Freely importable

As per the Exim policy 2009-2014, the items are broadly classified into 98 categories laid down in the respective chapters of ITC(HS) classification of Export/ import. The policy/ conditions regarding individual items are laid down against individual items.

19.2. TYPES OF LICENCES

19.2.1 CATEGORIES OF LICENCES

Present Exim Policy consists of two types of licences:

- a) Licences issued for Export Promotion
- b) Licences issued for Domestic use.

a) Licences issued for Export Promotion

In this case import licences are granted coupled with export obligation giving concessional rate of duty or exemption from payment of duty to merchant exporters and manufacturer exporters. The purpose of this licence is to enhance competitiveness of export products. The items covered by these licences may be in the "Freely Permissible" category or "Restricted" category. The common licences covered under this category are EPCG Licence, Advance Licence etc.

b) Licences issued for Domestic Use

In this case, import licence means a licence granted specifically for import of goods which are subject to Import Control. Import Licences are issued by Regional Offices of DGFT or by any officer authorized under the Act or the Rules and Orders made thereunder or under the Policy. Import of goods under a licence granted would be subject to conditions listed in the licence and also the provisions of Export Import Policy of the period in which it is issued.

19.2.2 Some of the important features/conditions of licences

- a) **List of items permitted for import:** Every licence is valid for import of only specified commodities. Hence, every licence mentions the name or category of goods which can be imported under that licence. This is normally mentioned in the body of licence and/or a separate sheet annexed to the licence.

- b) **Validity of licence:** Every licence shall be valid for the period of validity specified in the licence-
- c) **Licensing period:** Normally a licence is issued subject to the provisions of Policy applicable as on date of issue of the licence. However to avoid confusion, licence clearly mentions the licensing period (during which it is issued) so that the licence can be operated according to provisions of that particular Policy period.
- d) **Signature of issuing authority:** Every licence including the annexures attached to the licence is signed by the issuing authority. Similarly, any additional conditions included or deleted are properly authenticated.
- e) **Security seal:** Every licence bears the security seal (similar to postal seal) of the office of issue. This seal is normally affixed above or near the signature of issuing authority. Such seal is also to be affixed on all annexures and at all places of alterations.
- f) **Specific condition of licences:** Normally every licence bears conditions of its issuance and import. These conditions may be specified on the licence itself or may be annexed to the licence. When licences are issued against foreign credits, the conditions applicable to the licence is referred to in the body of licence. Every annexure to the licence is referred to in the body of licence and they are signed and sealed by the issuing authorities. All licences must be used/operated subject to such conditions/provisions.
- g) **Quantity of goods:** At times licences stipulate the specific quantity of goods that can be imported within the overall value of licence. If licences are issued for import of multiple commodities, they may specify the maximum quantity allowed for import of each commodity (and also of specification, if applicable). They may even restrict the quantity of a specified commodity to certain percentage of licence value or a specific value.
- h) **Value of licence:** As per the present rules Import Licences issued under various provisions of the policy indicate the value in Indian Rupees and in foreign currency at the exchange rate prevailing on the date of issue of the licence. Licence where export obligation is imposed, indicates value of export obligation both in free convertible currency and Indian Rupees equivalent thereof at the exchange rate prevailing on the date of issue of the licence. For remittance of foreign exchange against export obligation, the amount in foreign currency is taken into account.
- i) **Specific licence:** These licences specifically stipulate the name(s) of countries from where import can be made.
- j) **Licences issued in duplicate:** Unless no remittance towards import is involved, Import Licences are issued in duplicate. One of the copies is marked as "For Customs Purposes" which the importer needs to present to Customs Authorities at

the time of clearance of goods and the other copy is marked as "For Exchange Control Purpose", which the importer needs to present to an Authorised Dealer for the purpose of opening letter of credit or effecting remittance for the import of goods.

k) Period of validity of licence and criteria for determining validity: Period of validity means the period of shipment/ despatch permissible for the goods concerned. The validity of import licence/certificate/ permission from the date of issue of licence/ certificate/ permission shall be as follows:

- (i) Advance Licence, DFRC and Replenishment licence for Gem & Jewellery as per Chapter- 4 of the Policy ---18 months
- (ii) EPCG licence (other than spares) --- 24 months
- (iii) Spares under EPCG licence --- validity of Export obligation period
- (iv) Others including CCP and Duty Entitlement Passbook Scheme, unless otherwise specified --- 12 months
- (v) Advance Licence for project/ turnkey project 18 months or co- terminus with the contracted duration of execution of the project whichever is later.

Where the date of expiry of the licence/ certificate/ permission falls before the last day of the month, the licence/certificate/ permission shall be deemed to be valid until the last day of the month. This proviso would be applicable even for a revalidated licence/ certificate/ permission. The period of validity means the period for shipment/ despatch of goods covered under the licence/certificate/ permission. The validity of an import licence/ certificate/ permission is decided with reference to the date of shipment/ despatch of the goods from the supplying country and not the date of arrival of the goods at an Indian port.

The above provisions shall not be applicable to DEPB. DEPB which is in the nature of duty credit entitlement must be valid on the date on which actual debit of duty is made. However, where the expiry of DEPB falls before the last day of the month, the DEPB shall be deemed to be valid till the last day of the said month. Similarly, where the date of expiry of either original or extended export obligation period falls before the last day of the month, such export obligation period shall be deemed to be valid until the last day of the month.

l) Revalidation of Import/ Export Licence/ Certificate/ Permissions: The licence/ certificate/ permission may be revalidated on merits by the licensing authority concerned, which has issued the licence/ certificate / permission, for a period of six months at a time but not beyond a period of 12 months reckoned from the date of expiry of the validity period. However, revalidation of freely transferable licence/certificate/ permissions and stock and sale licence/certificate/permission shall not be permitted. In cases where freely transferable licence/ certificates/ permissions have expired while in custody with Customs authority, revalidation shall be permitted by the Regional Licencing Authority (RLAs) on the basis of the certificate to be furnished by Customs in this behalf and for a period for which the Licence/ Certificate/ Permissions has remained in Custody with the Customs.

m) **Date of Shipment/Despatch in respect of Imports:** Date of shipment / despatch for the purposes of imports will be reckoned as under:-

Mode of Transportation	Date of Shipment/Despatch
By Sea	The date affixed on the Bill of Lading
By Air	The date of the relevant Airway Bill provided this represents the date on which the goods left the last airport in the country from which the import is effected.
From land-locked countries	The date of despatch of the goods by rail, road or other recognised mode of transport to the consignee in India through consignment basis.
By Post Parcel	The date stamp of the office of despatch on the packet or the despatch note
By Registered Courier Service	The date affixed on Courier Receipt/ Waybill
Multimodal transport	The date of handling over the goods to the first carrier in a combined transport Bill of Lading.

n) **Port of import:** Unless otherwise specified in the licence every licence issued under the policy is valid for import of goods through specified port in India. However, as per Customs Act, 1962 a licence holder has to get his licence registered with Customs Authorities of a specified port through which import is intended to be effected. In case imports are to be made through any other port other than the specified port, a specific permission from Customs is to be obtained.

o) **Duplicate licences:** Where a licence/certificate/permission is lost or misplaced, an application for grant of a duplicate copy thereof may be made along with a **copy of FIR reporting the loss and** an affidavit, to the licensing authority which has issued the original licence/ certificate/ permission. The licensing authority concerned may, on merits, issue a duplicate copy of the same after issuing an order for cancellation of the original licence/ certificate/ permission and after informing the customs authority where the original licence/ certificate/ permission was registered. All such licenses issued will have suitable endorsement on both the copies of licence (Customs & EC copies) of the fact that it is a duplicate licence issued in lieu of lost/misplaced

licence. Banks must exercise necessary caution while dealing with such Licences.

- p) **Cancellation of licences:** Section 9 of The Foreign Trade (Development and Regulation) Act 1992 gives adequate powers to Central Government and Trade Control Authorities for suspension or cancellation of licences for good and sufficient reasons recorded in writing. Also, whenever a duplicate licence is issued, the original is cancelled after issuing an order for cancellation of the original licence and informing customs authorities where the original licence was registered. Banks should obtain information on such cancelled licences and take necessary precaution.

19.2.3. LICENCES ARE ALWAYS FOR CIF VALUE:

Value indicated on import licences is always for the CIF value of goods authorised to be imported which includes commission. Remittances for the goods covered by import licence are governed by FEMA Guidelines. As per present FEMA Guidelines, the charges debitable to Exchange Control copy of licence are total cost of the goods, which includes CIF value of goods plus commission paid to local as well as foreign agents and interest paid on import bills.

19.2.4 TRANSFERABILITY OF LICENCES:

Licences for export promotion are issued to various category of exporters under various schemes/provisions of the policy. Transferability or otherwise of a licence is based on the scheme/provisions of the policy under which it is issued. It is normally indicated in the body of licence whether it is transferable or not. In case of a transferable licence, the holder of licence can effect part or full transfer of licence to other eligible persons as per various provisions of the policy. Following licences are transferable:

- a) DFRC
- b) DEPB
- c) Gem Replenishment Licence

19.2.5. Getting Familiar with Various Import Licences issued under Export Promotion Schemes

1. Duty Exemption Scheme

The Duty Exemption Scheme enables duty free import of inputs required for export production. An Advance Licence is issued under Duty Exemption Scheme.

- i) **Advance Licence**
 - ◆ Advance licence allows:

- Duty free import of inputs.
 - Duty free import of fuel, oil, energy, catalysts etc. also allowed.
 - Duty free import of mandatory spares up to 10% of the CIF value of the licence.
- ◆ **Advance licence can be issued for:**
- Physical exports
 - Intermediate supplies
 - Deemed exports
 - Subject to Actual User Condition
 - Materials imported against advance licence (other than Advance Licence for Deemed Export) are exempted from Basic Customs Duty, Additional Customs duty, Anti dumping duty and safeguard duty if any.
- Advance Licence for deemed export shall be exempted from basic customs duty and additional customs duty only. However in case of supplies to EOU/SEZ/ EHTP/ STP under such licences, anti-dumping duty and safeguard duty shall also be exempted
 - Advance Licence and / or materials imported thereunder shall not be transferable even after completion of export obligation. ,
 - Positive value addition is required.
 - Subject to the fulfilment of a time bound export obligation.
 - The facility of Advance Licence shall also be available where some of the inputs are supplied free of cost to the exporter.
 - Prohibited items of imports mentioned in ITC(HS) shall not be imported under the licence issued under the scheme.

ii) Annual Advance Licence

Advance licence can also be issued on the basis of annual requirement for physical exports. Export House, Trading House, Star Trading Houses and Super Star Trading Houses shall be entitled for the Advance Licence for annual requirement. However, if the status holders are holding the certificate as merchant exporter, they are also entitled to the Advance Licence for Annual Requirement provided they agree to the endorsement of the name(s) of the supporting manufacturer(s) on the relevant licence. The entitlement under this scheme shall be upto 200% of the FOB value of export in the preceding licensing year. Such licence shall have positive value addition.

◆ Advance Licence for Intermediate Supplies

Advance Licence may be issued for intermediate supply to manufacturer exporter for the import of inputs required in the manufacture of goods to be supplied to the ultimate exporter/ deemed exporter holding another Advance Licence. The Advance License for Intermediate supply shall be issued after making the licence invalid for direct import of items to be supplied by the intermediate manufacturer. In such cases, a copy of the invalidation letter will be given to the licence holder and copy thereof will be sent to the intermediate supplier as well as the licensing authority of the intermediate supplier. The licensee in such case has an option either to supply the intermediate product to holder of Advance Licence for physical exports/deemed exports or to export directly.

The facility of advance licence for intermediate supply shall be available even in cases where the intermediate supplier has supplied or intend to supply the material subsequent to fulfilment of export obligation by the ultimate exporter holding the Advance Licence.

◆ **Advance Release Order**

An Advance Licence holder, holder of advance licence for annual requirement and holder of DFRC intending to source the inputs from indigenous sources/State Trading Enterprises/ EOU/SEZ/ EHTP/STP units in lieu of direct import has the option to source them against Advance Release Orders denominated in foreign exchange/ Indian rupees. The transferee of a DFRC shall also be eligible for ARO facility. However, supplies may be obtained against the licence from EOU/ EHTP/ STP/SEZ units, without conversion into ARO.

◆ **Back-to-Back Inland Letter of Credit:**

An Advance Licence holder, holder of advance licence for annual requirement and holder of DFRC may, instead of applying for an Advance Release Order, avail of the facility of Back-to-Back Inland Letter of Credit

2. Duty Remission Scheme

The Duty Remission Scheme enables post export replenishment/ remission of duty on inputs used in the export product. Duty Remission scheme consist of (a) DFRC and (b) DEPB. DFRC permits duty free replenishment of inputs used in the export product. The DEPB scheme allows drawback of import charges on inputs used in the export product.

i) Duty Free Replenishment Certificate [DFRC]

- DFRC is issued to a merchant-exporter or manufacturer-exporter for the import of inputs used in the manufacture of goods without payment of basic customs duty, and special additional duty. DFRC shall be issued on minimum value addition of 25% except for items in gems and jewellery sector. DFRC may be issued in respect of exports for which payments are received in non-convertible currency.
- DFRC may also be issued for supplies effected under paragraph 8.2 of the Policy [Deemed Exports],
- DFRC shall be issued only in respect of products covered under the Standard Input Output Norms (SIONs) as notified by DGFT.
- The validity of such licences shall be 18 months. DFRC and or the material(s) imported against it shall be freely transferable.
- The export products, which are eligible for modified VAT, shall be eligible for CENVAT credit. However, non excisable, non dutiable or non CENVAT products, shall be eligible for drawback at the time of exports in lieu of additional customs duty to be paid at the time of imports under the scheme.

ii) Duty Entitlement Passbook Scheme [DEPB](Since discontinued w.e.f. October 01,2011)

3. Scheme for Gem and Jewellery

Exporters of gem and jewellery are eligible to import their inputs by obtaining Replenishment (REP) Licences from the licensing authorities.

A. Replenishment Licence

The exporters of gem and jewellery products listed in Appendix-26 of the Handbook (Vol.1) are eligible for grant of Replenishment Licences at the rate and for the items mentioned in the said Appendix to import and replenish their inputs. Replenishment licence may also be issued for import of consumables.

B. Export against Advance Licence

An Advance Licence may be granted for the duty free import of:

- (a) Gold of fineness not less than 0.995 and mountings, sockets, frames and findings of 8 carats and above;
- (b) Silver of fineness not less than 0.995 and mountings, sockets, frames and findings containing more than 50% silver by weight;
- (c) Platinum of fineness not less than 0.900, mountings, sockets, frames and findings containing more than 50% platinum by weight. Such licences are subject to fulfill export obligation.

The Advance Licence holder may obtain gold/silver/ platinum from the nominated agencies in lieu of direct import.

C. Gem Replenishment Licence

- Gem Replenishment (Gem & Jewellery REP) Licence may be issued under the schemes for export of gold/ silver/ platinum jewellery and articles thereof. In the case of plain Gold/silver/platinum jewellery and articles, the value of such licences shall be determined with reference to the realisation in excess of the prescribed minimum value addition. In the case of studded gold / silver / platinum jewellery and articles thereof, the value of Gem Replenishment Licence shall be determined by taking into account the value of studdings used in items exported, after accounting for the value addition on gold/ silver/ platinum including admissible wastage.
- Such Gem REP licences shall be freely transferable.

D. Diamond Imprest Licence

- Diamond Imprest Licence for import of cut & polished diamonds including semi processed diamonds, half cut diamonds, broken in any form, for mixing with cut & polished diamonds or for export as it is, may be issued for export of cut & polished diamonds.

- Such licences shall carry an export obligation, which has to be discharged in accordance with the procedure specified in this behalf.

E. Diamond & Jewellery Dollar Accounts

Firms and companies dealing in the purchase/sale of rough or cut and polished diamonds/diamond studded jewellery with a track record of at least 3 years in import or export of diamonds/diamond studded jewellery and having an average annual turnover of Rs. 5 crore or above during preceding three licensing years may also carry out their business through designated Diamond Dollar Accounts. This scheme shall be optional and those importers/exporters who wish to continue to use Rupee Accounts shall be allowed to do so. Dollars in such accounts available from bank finance and/or export proceeds shall be used only for

- (i) Import/purchase of rough diamonds from overseas/local sources,
- (ii) Purchase of cut and polished diamonds from local sources,
- (iii) Import/purchase of gold from overseas/ nominated agencies and repayment of dollar loans from the bank; and
- (iv) Transfer to the Rupee Account of the exporter. Details of this Diamond Dollar Accounts Scheme (DDAS) are given in the Handbook (Vol.1). The procedure outlined in the Handbook (Vol.1) shall also apply to diamond studded jewellery.

A non DDA holder is also permitted to supply cut and polished diamonds to DDA holder, receive payment in dollars and convert same into rupees within the period of 7 days and the cut and polished diamonds so supplied by non-DDA holder will also be counted towards the discharge of his export obligation and/or entitled him to replenishment licence as the case may be.

4. Export Promotion Capital Goods Scheme [EPCG]

Zero duty EPCG scheme allows import of capital goods (including CKD/SKD there of as well as computer software systems) for pre-production, production and post-production at zero Customs duty, subject to an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue-date.

Capital Goods shall include spares (including refurbished/reconditioned spares), tools, jigs, fixtures, dies and moulds. Second hand capital goods shall not be permitted to be imported under EPCG Scheme.

5. Licences issued for Domestic Use

Licences for domestic use are issued for import of "Restricted" items and are subject to Actual User condition. These licences are granted based on merits and recommendations from Sponsoring Ministry.

IMPORTANT FEMA GUIDELINES RELATING TO IMPORTS

19.3.1 TIME LIMIT FOR SETTLEMENT OF IMPORT PAYMENTS

i. In terms of the extant Rules, remittances against imports should be completed not later than six months from the date of shipment except in cases where amounts are withheld towards guarantee/performance etc. Authorised dealers may make remittances of amounts so withheld, provided the earlier remittance had been made through them. No payment of interest permissible on such withheld amounts. **Accordingly deferred payment arrangements involving payments beyond a period of six months from the date of shipment upto 3 years are treated as external commercial borrowings which require prior approval of the AD branches.**

ii. Sometimes, settlement of import dues may be delayed due to disputes, financial difficulties etc. Authorities dealers may make remittances in such cases even if the period of six months has expired, provided, interest payment, if any is as per 19.3.2

NOTE:

Remittances against import of books may be allowed without restriction as to time limit, provided no interest payment if any is as per 19.3.2.

19.3.2 INTEREST ON IMPORT BILLS

Authorised Dealers may allow payment of interest on usance bills or overdue interest for a period of less than 3 years from the date of shipment.

All in cost per annum payable for the credit not to exceed LIBOR +350 basis points for credit less than 3 years for the currency of credit.

19.3.3 ADVANCE REMITTANCE

Authorised dealers may allow advance remittance for import of goods without any ceiling subject to the following conditions:

- a) the importer should hold the EC copy of a valid import licence if the goods to be imported requiring licence for the import under the EXIM Policy in force;
- b) remittance is made direct to the suppliers;
- c) Advance remittances are permitted without ceiling for all type of goods subject to Documentary evidence being produced regarding the cost of goods and the insistence of the supplier for advance payment. Where advance payment exceeds US\$ 2,00,000 a guarantee/ standby LC from an international bank of repute in favour of the importer should be furnished. The Guarantee/ Standby LC should be valid for 13 months in the case of capital goods and 4 months in other cases.
- d) However, RBI has relaxed norms (AP DIR:9 dt 21.08.08) in respect of obtaining guarantee / Standby LC for importers of good track record. Now ADs need not

insist for the same for advance remittance up to USD 50 lacs subject to the following conditions:

- i. Upto 10% of annual average Import in the last 2 years.
- ii. In case advance remittance is for Capital goods, amount as required will be remitted provided sufficient arrangements to the satisfaction of the Bank have been made to fund the balance requirement, if any.
- iii. The Credit Report of the supplier should be satisfactory as per D & B or COFACE or Banks
- iv. If the customer has no credit facilities with us, they must have satisfactory banking account at least for 1 year with regular operations and past import transactions through us should however, strictly conformed to RBI guidelines on imports.
- v. In case of customers having credit facilities with Banks, following conditions to be satisfied.

(a) Advance Remittance will be linked to net worth of the company. Maximum outstanding for all remittance without Bank Guarantee should be restricted to 25% of net worth (Capital + Free Reserves – Intangible Assets).

(b) Advance remittance to be permitted for customers having rating of CR1 to CR4 only.

(c) In the case of remittance to the debit of working capital limits sanctioned to the customer, there must be sufficient Drawing Power for such remittances.

vi. (a) The delegated authority for authorizing the remittances, which fulfill above conditions, will be the Branch Head of AD Branches (for the customers of 'C' cat. branches, the concerned branch will scrutinize the application as per the above guidelines and recommend the transaction to "B/A" cat. branch).

(b) In case of deviation from the above, the sanctioning authority of the credit limits to the customers will approve the deviation. In case of sanction by ED/MD/MCM, GM (LC) or GM (SME) will be the competent authority for allowing the deviations from the policy. In the case the customer is not enjoying credit facilities, the Regional Head will approve the deviations.

vii. The above restriction will not be applicable where remittance is up to USD 100,000 or where remittance is made against guarantee of a bank of International repute acceptable to Bank.

- e) Similarly advance remittance for import of services can be made up to USD 5 lacs (AP DIR 15 dt 08.09.08) without Bank Guarantee / LC subject to individual bank's policy guidelines. Our bank has framed the policy guidelines as mentioned above (except point No d. ii.) in accordance with the directives issued by RBI.

Where the amount of advance for services 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 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.

- f) Advance remittance should be effected direct to the suppliers. Physical import should be made within 6 months (36 months in case of capital goods) from date of remittance and documentary evidence is to be furnished within 15 days thereafter. Branches should maintain a separate register for advance payment and follow up for submission of Bill of Entry.
- g) Authorised dealer should ensure that in the event of non-import of goods, the amount of advance remittance is repatriated to India or is utilised for any other purposes for which release of exchange is permissible under the Act, Rules or Regulations made there under, to the satisfaction of the authorised dealer.
- h) Public Sector Company or a Department / Undertaking of Central/State Government/s which is not in a position to obtain a guarantee from International Bank of Repute against an advanced payment, is required to obtain a specific a waiver for the bank guarantee from the Ministry of Finance, Government of India before making advance remittances exceeding USD 100,000/- (USD One lac).

19.3.4. LETTER OF CREDIT

- Authorised dealers may open LCs on behalf of customers who are known to be participating in the given line of business.
- LC to stipulate that the Bill of Lading should indicate the name and address of the importer as well as the authorised dealer opening the credit. Remittances for imports under LC or otherwise should be made against shipping documents, MLR/RR/postal/ courier wrappers etc. except in cases where remittance is effected under Stand-by LCs.

19.3.5. OBLIGATIONS OF THE PURCHASER OF FOREIGN EXCHANGE FOR IMPORT

- i. In terms of Section 10(6) of the Foreign Exchange management Act, 1999 (FEMA), any person acquiring foreign exchange is permitted to use it either for the purpose mentioned

in the declaration made by him to an authorised dealer under Section 10(5) of the Act or to use it for any other purpose for which acquisition of exchange is permissible under the said Act, or Rules or Regulations framed thereunder.

ii. Where foreign exchange acquired has been utilised for import of goods into India the authorised dealer should ensure that importer furnishes an evidence of import to his satisfaction, as laid down in paragraph 19.3.15.

iii. Payment for import can also be made by way of credit to non-resident account of the overseas exporter or by way of credit to resident account of a non-resident bank. In such cases authorised dealer should ensure compliance with sub-paragraph (i) and (ii) above.

iv. The Directions contained in this paragraph are also applicable where payment for imports into India is made through ACU mechanism

19.3.6. MANNER OF PAYMENT BY IMPORTER

Payments for retirement of bills drawn under letters of credit as well as bills received from abroad for collection against imports into India, must be received by authorised dealers, irrespective of amount, by debit to the account of the importer maintained with themselves or by means of a crossed cheque drawn by the importer on his other bankers. Payments against bills, under no circumstances, should be accepted in cash.

19.3.7. FORM A-1

- i. Application by persons, firms and companies for making payments exceeding USD 5000 or its equivalent towards imports into India must be made on form A1.

19.3.8. AGENCY COMMISSION TO OVERSEAS AGENTS

Remittances are allowed subject to production of satisfactory documentary evidence and should be endorsed on licence if any.

19.3.9. POSTAL IMPORTS

Remittances against bills received for collection in respect of imports by post parcel may be made by authorised dealers, provided the goods imported are such as are normally dispatched by post parcel. In these cases, the relative parcel receipts must be produced as evidence of dispatch through the post and undertaking to submit Postal Appraisal Form or Customs Assessment Certificate as evidence of import within three months from the date of remittance should be furnished by importers. If the parcel has already been received in India Postal Appraisal Form or Customs Assessment Certificate should be produced in support of the remittance application. Where goods to be imported are not of a kind normally imported by post parcel or where authorised dealer is not satisfied about

the bonafide of the application, the case should be referred to the Reserve Bank for prior approval with full particulars together with relative parcel receipt/s and Postal Appraisal Form or Customs Assessment Certificate.

NOTE: Authorised dealers may make remittances towards import of books by post parcel by book-sellers/ publishers against bills received or collection, irrespective of the amounts involved, without prior approval of the Reserve Bank against endorsement on the import licence wherever applicable in the normal course. They may also make remittances even if import licences covering the imports have been issued subsequent to the date of import subject to endorsement on such licences.

19.3.10. IMPORT OF DESIGNS AND DRAWINGS

Importers may be advised to submit certificate or undertaking regarding compliance with the Research and Development Cess Act, 1986. An undertaking, in the prescribed format, regarding payment of Income Tax or a No Objection Certificate from Income Tax authorities, wherever required under the extant provisions of the Act, should be obtained in case of remittances relating to import of services and drawings and designs into India.

19.3.11. IMPORT LICENCES

i. Authorised dealers should not open letters of credit or allow remittances for import of goods included in the negative list requiring licence for imports under the EXIM Policy in force, unless the importer submits a licence marked 'For Exchange Control Purposes'. Special condition, if any, attached to such licence should strictly be adhered to while opening letters of credit or making remittances.

ii. Authorised dealers may open letters of credit or make remittances where the Exchange Control (EC) copy of the relative import licence has been issued in the name of a party other than the applicant, provided the applicant produces a letter of authority obtained from the import licence holder in his favour authorizing him, inter-alia, to open letters of credit or make remittances for payment towards import under the licence (subject to the terms and conditions, if any, stipulated in this regard in the EXIM Policy in force). Authorised dealers may also open letters of credit or make remittances towards imports permitted without licences on behalf of authorised agents of importers, after satisfying themselves by reference to the EXIM Policy in force that the importers are permitted to utilise services of agents for the imports in question. In all such cases, the responsibility for production of the Customs Bill of Entry, wherever required, will rest on the letter of authority holder or agent.

iii. Import Licences are normally issued for the c.i.f. value of the goods to be imported. Import licences cannot be used to the full amount in cover of f.o.b. cost of the goods leaving insurance and freight to local agent of the supplier, as additional charges to be paid in rupees over the amount specified in the import licence.

iv. Importers sometime enter into contracts on f.o.b. terms and agree to the suppliers paying for the freight to be reimbursed to them along with the cost of the goods.

Authorised dealers in such cases should, before making the remittance of freight charges, ascertain the actual freight amount paid with reference to the original freight bill or memo issued by the shipping company or the amount stated on the relative bill of lading.

v. Exchange Control copy of the import licence submitted by importer for opening of L/C or making remittance when fully utilised, should be retained by authorised dealers and may be preserved till scrutiny by the internal audit or inspection is completed.

vi. Authorised dealers should note to endorse on the 'Exchange Control Copy' of import licences, under their stamp and signature, the details of letters of credit opened or forward contracts booked or remittances made in foreign currency as also the amount of insurance and freight paid by the importer locally in rupees, wherever licences have been obtained by importers.

vii. Authorised dealers may likewise endorse on the 'Exchange Control Copy' of the import licence the value of the back-to-back inland letters of credit opened by them on behalf of duty free licence holders (including transferees) as required in terms of the relevant provisions of the EXIM Policy in force.

19.3.12. IMPORT BY COURIER

Imports/ Exports through a registered courier service is permitted as per the notification issued by the Department of Revenue. However, importability/ exportability of such items is regulated in accordance with the Policy.

19.3.13. IMPORTS INTO BONDED WAREHOUSE

Application from firms and companies in India for special facilities to open LC or to make remittances without import licences, for import of goods into bond for supply to foreign going vessels or sale to foreign diplomatic missions/ personnel, can be entertained after ensuring that :

- i. the importer holds a valid permission from Customs for import of goods into bond.
- ii. The goods sought to be imported do not fall under the list of 'prohibited items' for import as per EXIM Policy.
- iii. The importer has furnished declaration that he will submit the Exchange Control copy of the Bill of Entry for warehousing within three months from the date of LC/ remittance.

Authorised dealers should maintain a separate register to record the details of LCs opened/ remittances effected. Separate folios should be opened for each importer. ADs should furnish monthly statement to the concerned Regional office or RBI giving details of transactions, such as :

- i. Date of opening of LC/ remittance
- ii. Description of goods
- iii. Name and Address of the supplier

iv. Value of goods

ADs should ensure that the importer submits monthly statement, furnishing above details.

19.3.14. GOODS SHORT SUPPLIED/ DAMAGED OR LOST IN TRANSIT

i. In case import of an item does not require licence under the Export- Import Policy in force there is a need for remittance of foreign exchange for import of replacement goods for a defective item imported earlier, the remittance should be made after ensuring that there is no double payment for the same import.

ii. Where goods are short-supplied, damaged, short-landed or lost in transit, the procedure laid down below should be followed for payment against replacement goods:

- a) In cases where no letter of credit has been opened or remittances made, Exchange Control copy of the import licence may be automatically treated as valid for the replacement consignment, provided it is shipped within the validity period of the licence.
- b) If the Exchange Control copy has already been utilised to cover the opening of a letter of credit against the original goods which have been lost, the original endorsement to the extent of the value of the lost goods may be cancelled by authorised dealers without reference to the Reserve Bank, provided the insurance claim relating to the lost goods has been settled in favour of the importer by remittance from abroad through an authorised dealer, if insurance was covered abroad and by local payment in rupees if insurance was covered in India. Payment for the replacement goods may then be made against suitable endorsement on the import licence subject to the conditions that the replacement consignment is shipped within the validity period of the licence.
- c) If replacement goods are to be shipped after the expiry of import licence, the importer should be asked to apply to DGFT for replacement or for revalidation of the expired licence.
- d) In case replacement goods for a defective import are being sent by the overseas supplier before the defective goods imported earlier are dispatched out of India, authorised dealers may issue guarantees at the request of importer clients for the dispatch/ return of defective goods, according to their commercial judgment.

19.3.15. EVIDENCE OF IMPORT

i. Obligations of purchaser of foreign exchange as contained in sub-section (6) of Section 10 or Foreign Exchange Management Act, 1999 are indicated in paragraph 19.3.5.

ii. In case of all imports, where value of foreign exchange remitted/ paid for import into India exceeds USD 100,000 or its equivalent, it is obligatory on the part of authorised dealers through whom the relative remittance was made to ensure that the importer submits: -

- a) the Exchange Control copy of the Bill of Entry for home consumption, or
- b) in case of 100% Export Oriented Units the exchange control copy of the Bill of Entry for warehousing, or
- c) Customs Assessment Certificate or Postal Appraisal Form as declared by the importer to the custom authorities, where import has been made by post, as an evidence that the goods for which the payment was made have actually been imported into India.
- d) Consequent upon implementation of the EDI system by the Customs Authorities, a revised procedure has been introduced for issue of Bill of Entry for ex-bond clearance of goods. Under the revised procedure, Exchange Control copy of the Bill of Entry for home consumption is no longer being issued and only two copies of “ex-Bond Bill of Entry” are generated; one copy is required to be submitted for clearance of goods from the warehouse and the other copy is given to the importer.

Hence where EDI system has been implemented by customs and the importer receives only one copy of the “ex-Bond Bill of Entry” from the customs, Branches may advise importer to submit a photocopy of the “ex-Bond Bill of Entry” for home consumption after clearance of the goods from the warehouse / bond, which may be duly verified by the Branches and accepted as final evidence of import.

iii. 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.

Note: Authorised dealers should advise importers to keep Custom authorities informed of the imports made by them under this clause.

iv. In respect of remittances for imports through courier services, authorised dealers should ensure submission of the Exchange Control copy of the Bill of Entry in case of imports valued at Rupees one lakh or more. Where the value of import is less than Rs. one lakh, authorised dealers may obtain from the importer, a copy of the Bill of Entry, in the prescribed form issued by the Customs in the name of registered courier, duly certified by the courier company indicating thereon the particulars of the consignment for which the copy has been issued.

v. Authorised dealers should ensure that in all cases, including cases of advance remittance permitted in terms of paragraph 19.3.3 above, evidence of import is submitted by their importer customer and is duly verified. In respect of imports on D/A basis, since goods would normally be cleared before the due date of payment, authorised dealers should insist on production of evidence of import at the time of effecting remittance of

import bill. Authorised dealers should advise this requirement to their importer customer while delivering the documents against acceptance.

NOTE: In respect of imports on D/A basis 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. Authorised Dealers should record the same 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.

vi. Authorised dealers should in all cases acknowledge receipt of evidence of import e.g. Exchange Control copy of the Bill of Entry, Postal Appraisal Form or Customs Assessment Certificate etc., from importers by issuing acknowledgement slips containing the following particulars :

- a) importer's full name and address with code number;
- b) import licence number and date (wherever applicable)
- c) bank's reference of letter of credit number, etc., if any,
- d) number and date of Exchange Control copy of the Bill of Entry/ Postal Appraisal Form or Customs Assessment Certificate and the amount of import; and
- e) particulars of goods imported.

vii. Internal inspectors or auditors (including external auditors appointed by authorised dealers) should carry out 100 per cent verification of the documents evidencing import, e.g. Exchange Control copies of Bills of Entry or Postal Appraisal Form or Customs Assessment Certificate etc.

viii. Documents evidencing import into India received in terms of paragraph 19.3.15 (ii) above should be preserved by authorised dealers for a period of one year from the date of its verification as required under sub-paragraph (vii) above. However, in respect of cases which are under investigation by investigating agencies, the documents should be destroyed only after obtaining clearance from the investigating agency concerned.

ix. Authorised dealers may accept either Exchange Control copy of Bill of Entry for home consumption or a certificate from the Chief Executive Officer (CEO) or auditor of the company that the goods for which remittance was made have actually been imported into India provided :-

- a. the amount of foreign exchange remitted is less than USD 100,000 or its equivalent,
- b. the importer is a company listed on a stock exchange in India and whose net worth is not less than Rs.100 crores as on date of its last audited balance sheet,

or

the importer is a public sector company or an undertaking of the Government of India or its departments.

The above facility may also be extended to autonomous bodies, including scientific bodies/academic institutions, such as Indian Institute of Science / Indian Institute of Technology etc. whose accounts are audited by the Comptroller and Auditor General of India (CAG). Authorised dealers may insist on a declaration from the auditor/CEO of such institutions that their accounts are audited by CAG.

19.3.16. HANDLING IMPORT DOCUMENTS ON COLLECTION

Authorised dealers should exercise due care while handling import documents on collection basis on behalf of importer customers with reference to their line of business, financial standing, frequency of import etc. to establish the genuineness of the import. In the case of bills involving large values, authorised dealers should satisfy themselves that the importer is known to be trading in items mentioned in the shipping documents or that the items are required for his actual use. In case of importers who are not their constituents, authorised dealers should, at the time of acceptance of the documents/ making payment, call for detailed Certificate-cum-Report from their bankers in support of the genuineness of imports.

For details refer to Chapter 23 for details.

19.3.17. IMPORT OF FOREIGN EXCHANGE

A person may -

- a) send into India without limit foreign exchange in any form other than currency notes, bank notes and travelers cheques;
- b) bring into India from any place outside India without limit foreign exchange (other than unissued notes),

provided that bringing of foreign exchange into India under clause (b) shall be subject to the condition that such person makes, on arrival in India, a declaration to the Custom authorities in Currency Declaration Form (CDF) annexed to these Regulations;

provided further that it shall not be necessary to make such declaration where the aggregate value of the foreign exchange in the form of currency notes, bank notes or traveller's cheques brought in by such person at any one time does not exceed USD 10,000 (US Dollars ten thousands) or its equivalent and/ or the aggregate value of foreign currency notes brought in by such person at any one time does not exceed USD 5,000 (US Dollars five thousands) or its equivalent.

19.3.18. IMPORT FROM NEPAL & BHUTAN

The payment for imports from Nepal and Bhutan has to be settled in Rupees and sale of foreign exchange or Rupee transfer to non-resident account is not permitted.

19.3.19. METHOD OF PAYMENT FOR IMPORT

1. A payment in foreign exchange by an authorised dealer, whether by way of remittance from India or by way of reimbursement to his branch or correspondent outside India (other than Nepal and Bhutan) against payment for import into India, or against any other payment, shall be as mentioned below:

GROUP	MANNER OF PAYMENT
1. Member countries of Asian Clearing Union (except Nepal) namely, Bangladesh, Islamic Republic of Iran, Myanmar, Pakistan and Sri Lanka	<p>a. Payment for all eligible current transactions by credit to the Asian Clearing Union dollar account in India of a bank of the member country in which the other party to the transaction is resident or by debit to the Asian Clearing Union dollar account of an authorised dealer with the correspondent bank in the other member country and</p> <p>b. Payment in any permitted currency in other cases.</p>
2. all countries other than those mentioned in (1)	<p>a) Payment in rupees to the account of a resident of any country other than a member country of Asian Clearing Union or Nepal or Bhutan; or</p> <p>b) Payment in any permitted currency.</p>

2) In respect of import into India,

- a) Where the goods are shipped from a member country of Asian Clearing Union (other than Nepal) but the supplier is resident of a country other than a member country of Asian Clearing Union, payment may be made in a manner specified for countries in Group (2) ;
- b) In all other cases, payment shall be made in a currency appropriate to the country of shipment of goods.

MANNER OF PAYMENT IN CERTAIN CASES:

Notwithstanding anything contained in Regulation 5 -

1. Where an import is covered by the special arrangement between the Central Government and the Government of a foreign state, the payment for import shall be made in accordance with the directions issued by the Reserve Bank to authorised dealer;
2. Subject to the provisions of sub-regulation (1), a person resident in India may make payment in foreign exchange through an international card held by him:

Provided that -

- a) the transaction for which the payment is so made is in conformity with the provisions of the Act, rules and regulations made there under; and
- b) in the case of import for which the payment is so made, the import is also in conformity with the provisions of the Export-Import Policy for the time being in force.

19.3.20. ATTESTATION OF INVOICES BY AUTHORISED DEALERS

ADs should furnish to the importers a duly attested copy of the invoice where the documents were received by them to enable the importer to produce the same to the customs as corroboratory evidence as to the value of goods declared on the customs Bill of Entry. Where documents are received by the importer directly (as per permission granted by RBI) Authorised dealing branches may also attest copy of Invoice on request of the importer, provided remittance has been or will be made through them.

19.3.21. REMITTANCES TOWARDS WAR RISK INSURANCE PREMIUM ETC.

ADs may make remittances towards war risk insurance premium, bunker/ congestion surcharge at foreign ports, premia for extended insurance cover etc. which are incidental to imports subject to production of satisfactory documentary evidence and reasonableness of amount.

19.3.22. IMPORTS FINANCED IN RUPEES

Directions contained herein are also applicable to imports which are financed in rupees and payment for which is made by crediting rupees to a non-resident account in India or to a rupee account maintained by a non-resident bank.

19.3.23. IMPORTS UNDER PENALTY

Authorised dealers may make remittances against goods imported without authority, but later allowed to be cleared by the Customs Authorities against payment of penalty, to the extent of c.i.f. value of the goods indicated on the relative Exchange Control copy of the Customs Bill of Entry evidencing imports of goods to India.

19.3.24. IMPORT OF GOLD, SILVER AND JEWELLERY

Gold brought by an NRI in accordance with the Export and Import Policy in vogue, is permitted to be sold to residents against payment in rupees. Authorised dealers should credit the amounts so received only to ordinary non-resident rupee (NRO) accounts of the concerned NRI seller.

i. Import of Gold on Consignment basis

Gold may be imported by the nominated agencies/ banks on consignment basis where the ownership of the goods will remain with the supplier and the importer (consignee) will be

acting as an agent of the supplier (consignor). Remittances towards the cost of import shall be made as and when sales take place and in terms of the provisions of agreement entered into between the overseas supplier and nominated agency/ bank.

ii. Import of gold on unfixed price basis

The nominated agency/ bank may import gold on outright purchase basis subject to the condition that although ownership of the gold shall be passed on to the importer at the time of import itself, the price of gold shall be fixed later, as and when the importer sells the gold to the users.

NOTE: Instructions contained in this paragraph would also apply to import of platinum and silver.

Import of Gold, Silver and Platinum can not be made by any person other than the nominated agencies even if they are holding letter of authority from such nominated agencies. No import LCs should be opened for such letter of authority holders.

19.3.25. MERCHANTING TRADE

Please refer Import Manual Chapter No 33 of on Merchanting Trade for detailed guidelines.

19.3.26 IMPORT UNDER FOREIGN LOANS/CREDIT ARRANGED BY GOVT. OF INDIA FROM FOREIGN GOVERNMENT/INSTITUTION

i. Import of goods under foreign loans/credits arranged by Govt. of India would be governed by the detailed instructions set out in Public notices issued by the Director General of Foreign Trade/Circulars issued by the RBI.

ii. Generally, one of the two methods viz. letter of commitment method or reimbursement method is followed for payment for imports under foreign loans/ credits. Under letter of commitment method (also called direct payment method), payment is made direct by the loan/ credit disbursing agency to foreign suppliers, whereas under reimbursement method payment to supplier is made in the first instance by remittance through normal banking channels and reimbursement subsequently claimed by Govt. of India by submitting prescribed documents. Remittances in foreign exchange from India or rupee transfers to non-resident accounts are not permitted in case of imports covered by licence issued under letter of commitment method. The manner of converting the foreign currency payments made under the letter of commitment method into Rupees and of transferring the funds for credit to Govt. of India and other regulations incidental thereto will be advised to branches from time to time. At the time of opening LC against import licences where the reimbursement method applies, branches should make appropriate stipulations to ensure that the prescribed documents are submitted to them without fail. In cases where bills are received for collection in respect of such import licences, branches should not allow remittances until the required documents are furnished.

19.3.27. IMPORT OF SOFTWARE THROUGH DATA COM.CHANNELS/ INTERNET

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.

Note: Authorised dealers should advise importers to keep Custom authorities informed of the imports made by them under this clause.

19.3.28. IMPORT OF FILMS ON LEASE/ RENTAL BASIS

Authorised Dealers may allow remittance of rent, royalty, licence fee, profit etc., in connection with import of cinematograph feature films and video films subject to the following conditions:

- i. A 'No Objection Certificate' from Central Board of Film Certification, wherever required, has been submitted;
- ii. A Chartered Accountant's certificate is produced indicating that the payment to overseas supplier is due and the amount sought to be remitted is in conformity with the terms of contract; and
- iii. An undertaking/ Certificate regarding payment of income-tax has been submitted.

19.3.29. IMPORT FACTORING

Authorised dealers may enter into arrangements with international factoring companies of repute, preferably members of Factors Chain International, without approval of the Reserve Bank. However, authorised dealers will have to ensure compliance with the extant FEMA Guidelines relating to imports, EXIM policy in force and any other guidelines/ directives issued by the Reserve Bank in this regard.

19.3.30. FOLLOW UP BY AUTHORISED DEALERS

- i. In case an importer does not furnish the document of evidence of import, as required under paragraph 19,3.15, within 3 months from the date of remittance involving foreign exchange exceeding USD 100,000, the authorised dealer should rigorously follow-up for the next 3 months, including issue of registered letters to the importer for submission of an appropriate document as evidence of import.
- ii. Authorised dealers should forward to the Reserve Bank a statement on half yearly basis as at the end of June and December of every year, in form BEF (Annexure 18(1)) furnishing details of import transactions, exceeding USD 100,000 in respect of which importers have defaulted in submission of an appropriate document evidencing import within 6 months from the date of remittance. The said half yearly statement should be submitted to the Regional Office of the Reserve Bank under whose jurisdiction the authorised dealer is functioning, within 15 days from the end of half year to which the statement relates.

Note: A. In cases where at the time of advance remittance purpose of remittance was indicated as import and subsequently the exchange has been used for a purpose for which sale of exchange is permissible and a document to the satisfaction of authorised dealer has been produced, such cases should **not** be treated as default and hence be excluded from the BEF statement.

B. Authorised dealers may accept Into Bond Bill of Entry as an evidence of import into India. However, they may ensure submission of Exchange Control copy of the Bill of Entry for Home consumption within a reasonable period of time. Wherever Into Bond Bill of Entry has been submitted such cases need **not** be reported in BEF statement.

19.4. Annexure-I

BEF

Statement showing details of remittances effected towards import in respect of which documentary evidence of import has not been submitted by the importers despite reminders

Name and address of AD branch _____

Name of Controlling Office of AD branch _____

Statement for the quarter ended _____ 19

NOTES :

- i) Details of transactions where the value of import (i.e. amount of remittance) does not exceed USD 1,00,000 or its equivalent need not be included in the statement to RBI. Such cases should be vigorously followed up by the authorised dealers themselves. The Controlling Office of authorised dealer under which the branch is functioning should ensure and satisfy that the branch has been effectively following up such cases, a 'Special Report' of cases where in spite of vigorous follow up, the documentary evidence is not submitted by the importer should be submitted to Reserve Bank separately giving full details of transactions for further action.
- ii) The statement should include details of all remittances from India or payments from abroad in connection with imports, including advance payments, delayed payments, etc. irrespective of the source of funding (i.e. EEFC accounts/foreign currency accounts maintained in India and abroad, payments out of external commercial borrowing, foreign investments in the shares of importers etc.)
- iii) The cases reported in Part I of statement for the previous quarter should not be reported again in Part I of the statement for the current quarter.
- iv) In case no transaction is required to be reported a 'NIL' statement should be submitted to RBI.
- v) Statement should be submitted to RBI within 15 days from the end of the quarter.

Part I : Information regarding importers who have defaulted in

submission of the documentary evidence of import\								
Sr.No.	Import Export Code No.	Name and Address of Importer	No. and Date of Import Licence, if any	Brief Description of goods	Date of Remittance payment	Amount remitted		Remarks
						Currency Amt.	Rupee Amt.	
1	2	3	4	5	6	7	8	9
A	Particulars of Imports made by persons/parties other Than Public Sector Undertakings/Government departments							
1								
2								
3								
4								
B	Particulars of Import made by Public Sector Undertakings/Government Departments							
1								
2								
3								
4								

Part II: Information regarding -subsequent receipt of Exchange Control copy of Bills of entry for Home Consumption/Postal/Courier wrappers from importers whose names were reported in Part I of earlier BEF statement/s as defaulters.

Name & Address of Importer	Quarter of the BEF Statement and Serial No. of the transaction reported earlier in Part I of BEF statement	Date of receipt of Bill of Entry / postal / courier wrapper	Amount of remittance		Remarks
			Curr.& Amt.	Rupee Equi.	
1.	2.	3.	4.	5.	6.
A.	Parties other than Public Sector Undertakings / Government Departments				
1.					
2.					
3.					
B.	Public Sector Undertaking/ Government Department				

1. 2. 3.	
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Note The transaction reported in Part II of BEF statement of earlier quarter should not be repeated In Part II of the current quarter

CERTIFICATE

- i) We certify that the particulars furnished above are true and correct as per our records.
- ii) We further certify that the statement includes ail cases which are required to be reported to Reserve Bank under the prescribed procedure. Other transactions have been reported to our Controlling Office.
- iii) We undertaking to continue to pursue the cases with the importers reported in Part I of the statement.

Place:

Stamp

_____ (Signature of the Authorised

Official)

Date :

Name: _____

Designation

: _____