

Export of Goods and Services – Liberalisation
A.P.(DIR Series) Circular No.40 (December 5, 2003)

Reserve Bank of India
Exchange Control Department
Central Office
Mumbai

A.P.(DIR Series) Circular No.40

December 5, 2003

To
All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Export of Goods and Services – Liberalisation

Attention of Authorised Dealers is invited to A.P (DIR Series) Circular No.12 dated September 9, 2000, as amended from time to time, relating to Export of Goods and Services and Part C of the said circular wherein directions have been issued for allowing write-off, reduction in invoice value and extension of time limit for realisation of export proceeds to exporters in respect of outstanding / overdue export bills

2. With a view to simplifying and liberalising the procedure, providing full flexibility to all exporters and reducing the paper work associated with seeking extension of time or reduction in invoice value or write-off, it has been decided to **allow all exporters (including Status Holder)** to :-

- (i) write-off (including reduction in invoice value) outstanding export dues, and
- (ii) extend the **prescribed** period of realisation beyond 180 days or further period as applicable,

provided, the aggregate value of such export bills written-off (including reduction in invoice value) and bills extended for realisation does not exceed 10 per cent of the export proceeds due during the calendar year and such export bills are not a subject of investigation by Enforcement Directorate / Central Bureau of Investigation or any other Investigating Agencies. This facility will be available in respect of export proceeds falling due from January 1, 2004. In other words, the new facility will be available for exports made after July 1, 2003 and proceeds due for realisation on January 1, 2004 (ie., within the prescribed period of 180 days). In the case of exports where Reserve Bank has prescribed longer period of realisation, the said facility would be available for exports made prior to July 2003, but proceeds of which are due for realisation within the prescribed period of one year.

3. Exporters dealing with more than one Authorised Dealer can avail of this facility through each AD, i.e., the limit of 10 per cent for self write-off (including reduction in invoice value) and extension of time for realisation of export proceeds would be applicable for export bills lodged for realisation with that Authorised Dealer. However, exporters operating under a consortium of banks or with multiple banks will also have the option of computing the 10 per cent limit on an aggregate basis with all the banks, provided the lead bank of the consortium or

in case of multiple banking, a **nodal bank** undertakes to verify the exporters' annual performance on behalf of all the banks.

4. Within a month from the close of the calendar year, exporters should submit a statement, as per enclosed format, giving details of export proceeds due, realised and not realised to the concerned Authorised Dealer. Export bills due in the year 2004, for which exporter has extended the period of realisation on his own (within the 10 per cent limit) or sought extension of time from the Authorised Dealer but unrealised as at the end of calendar year 2004, will be computed for export proceeds due in the following year. The Authorised Dealer will be required to verify the statement with his records and review the export performance of the exporter during the calendar year to ascertain that in cases where the 10 per cent limit of self extension, write-off (including reduction in invoice value) and non-realisation has been breached, exporter has sought necessary approval for write-off, reduction in invoice value or extension of time, as the case may be, for the excess over the 10 per cent limit before the end of the calendar year. In cases where exporters have failed to comply with this requirement, Authorised Dealers may promptly advise the said exporter to seek extension of time/reduction in invoice value/write-off in respect of non-realisation in excess of the 10 per cent limit, failing which, the Authorised Dealers may inform the exporter about the withdrawal of this facility of self write-off / extension of time, **within a month**, under advice to the concerned Regional Office of the Reserve Bank.

5. Requests received from exporters in terms of Paragraph 4 above may be dealt with by the Authorised Dealers as per the existing instructions relating to extension of time for realisation of export proceeds, reduction in invoice value and write-off issued by the Reserve Bank.

6. Regarding disposal of GR/SOFTEX/SDF/PP forms under the above facility, Authorised Dealers may release the respective forms relating to the write-off (including reduction in invoice value) by the exporter himself, provided the **exporter submits evidence to the Authorised Dealer for surrender of export incentives** availed of, if any, along with the annual statement. In the case of export bills extended for realisation by the exporter within the 10 per cent limit, Authorised Dealers may report such bills as outstanding in the XOS statement with the remark "extended by the exporter".

7. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.

8. The directions in this circular have been issued under Sections 10 (4) and 11(1) of the FEMA, 1999 (42 of 1999).

Yours faithfully,
Grace Koshie
Chief General Manager

Annual statement

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