



RBI/2011-12/264

A.P. (DIR Series) Circular No. 47

November 17, 2011

To

All Category – I Authorized Dealer Banks

Madam/Sir,

**“Set-off” of export receivables against import payables-
Liberalization of Procedure**

Attention of Authorized Dealer Category – I (AD Category – I) banks is invited to the fact that the requests received from the exporters through their AD branches for set-off of export receivables against import payables are considered by the Reserve Bank of India. As a measure of further liberalization, it has been decided to delegate power to AD Category – I banks to deal with the cases of “set-off” of export receivables against import payables, subject to following terms and conditions:

- a) The import is as per the Foreign Trade Policy in force.
- b) Invoices/Bills of Lading/Airway Bills and Exchange Control copies of Bills of Entry for home consumption have been submitted by the importer to the Authorized Dealer bank.
- c) Payment for the import is still outstanding in the books of the importer.
- d) Both the transactions of sale and purchase may be reported separately in ‘R’ Returns.
- e) The relative GR forms will be released by the AD bank only after the entire export proceeds are adjusted / received.
- f) The ” set-off” of export receivables against import payments should be in respect of the same overseas buyer and supplier and that consent for ”set-off” has been obtained from him.
- g) The export / import transactions with ACU countries should be kept outside the arrangement.

h) All the relevant documents are submitted to the concerned AD bank who should comply with all the regulatory requirements relating to the transactions.

2. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

3. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager

Related Press Release	
Nov 17, 2011	<u>Liberalization of Export/Import procedures “Set-off” of export receivables against import payables</u>