



**RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001**

RBI/2012-13/435

A.P. (DIR Series) Circular No. 88

March 12, 2013

To

All Category - I Authorized Dealer Banks

Madam / Sir,

**“Write-off” of unrealized export bills –
Export of Goods and Services – Simplification of procedure**

Attention of Authorized Dealer Category – I (AD Category –I) banks is invited to [A.P. \(DIR. Series\) Circular No. 12, 30, 61, 40, 33 and 03](#) dated September 09, 2000, April 04, 2001, December 14, 2002, December 05, 2003, February 28, 2007 and July 22, 2010 respectively in terms of which the exporters were given limited powers of write-off and also AD Category – I banks have been permitted to accede to the requests for "write-off" made by the exporters, subject to the conditions, inter alia, that the exporter had to surrender proportionate export incentives, if availed of, in respect of the relative shipments.

2. With a view to further simplifying and liberalizing the procedure and for providing greater flexibility to all exporters as well as the Authorized Dealer banks, the earlier instructions have been reviewed. **It has now been decided to effect, subject to the stipulations regarding surrender of incentives prior to”write-off” adduced in the A.P. (DIR Series) Circular No. 03 dated 22 July 2010**, the following liberalization in the limits of “write-offs” of unrealized export bills:

- a) Self “write-off” by an exporter
(Other than Status Holder Exporter) ----- 5%*
- b) Self “write-off” by Status Holder Exporters ----- 10%*
- c) ‘Write-off” by Authorized Dealer bank ----- 10%*

*of the total export proceeds realized during the previous calendar year.

3. The above limits will be related to total export proceeds realized during the previous calendar year and will be cumulatively available in a year.

4. The above “write-off” will be subject to the following conditions:

- (a) The relevant amount has remained outstanding for more than one year;

(b) Satisfactory documentary evidence is furnished in support of the exporter having made all efforts to realize the dues;

(c) The case falls under any of the undernoted categories :

- (i) The overseas buyer has been declared insolvent and a certificate from the official liquidator indicating that there is no possibility of recovery of export proceeds has been produced.
 - (ii) The overseas buyer is not traceable over a reasonably long period of time.
 - (iii) The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country.
 - (iv) The unrealized amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization;
 - (v) The unrealized amount represents the undrawn balance of an export bill (not exceeding 10% of the invoice value) remaining outstanding and turned out to be unrealizable despite all efforts made by the exporter;
 - (vi) The cost of resorting to legal action would be disproportionate to the unrealized amount of the export bill or where the exporter even after winning the Court case against the overseas buyer could not execute the Court decree due to reasons beyond his control;
 - (vii) Bills were drawn for the difference between the letter of credit value and actual export value or between the provisional and the actual freight charges but the amount has remained unrealized consequent on dishonour of the bills by the overseas buyer and there are no prospects of realization.
- (d)** The exporter has surrendered proportionate export incentives (for the cases not covered under A. P. (DIR. Series) Circular No.03 dated July 22, 2010), if any, availed of in respect of the relative shipments. The AD Category – I banks should obtain documents evidencing surrender of export incentives availed of before permitting the relevant bills to be written off.
- (e)** In case of self write-off, the exporter should submit to the concerned AD bank, a Chartered Accountant's certificate, indicating the export realization in the preceding calendar year and also the amount of write-off already availed of during the year, if any, the relevant GR / SDF Nos. to be written off, Bill No., invoice value, commodity exported, country of export. The CA certificate may also indicate that the export benefits, if any, availed of by the exporter have been surrendered.

5. However, the following would not qualify for the “write off” facility :
- (a) Exports made to countries with externalization problem i.e. where the overseas buyer has deposited the value of export in local currency but the amount has not been allowed to be repatriated by the central banking authorities of the country.
 - (b) GR / SDF forms which are under investigation by agencies like, Enforcement Directorate, Directorate of Revenue Intelligence, Central Bureau of Investigation, etc. as also the outstanding bills which are subject matter of civil / criminal suit.
6. The respective AD banks may forward a statement in form **EBW**, in the enclosed format, to the Regional Office of Reserve Bank under whose jurisdiction they are functioning, indicating details of write-offs allowed under this circular.
7. AD banks are advised to put in place a system under which their internal inspectors or auditors (including external auditors appointed by authorised dealers) should carry out random sample check / percentage check of “write-off” outstanding export bills.
8. Cases not covered by the above instructions / beyond the above limits, may be referred to the concerned Regional Office of Reserve Bank of India.
9. Authorized Dealers may bring the contents of the Circular to the notice of their constituents concerned.
10. 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,

(Rashmi Fauzdar)
Chief General Manager