

EXPORT OF GOODS AND SERVICES - FORWARDER'S CARGO RECEIPT

A. P. (DIR SERIES 2011-12) CIRCULAR NO. 65, DATED 12-1-2012

Attention of Authorized Dealers is invited to A.P. (DIR Series) Circular No. 27 dated March 2, 2001, in terms of which they may accept Forwarder's Cargo Receipts (FCR) issued by IATA approved agents, in lieu of bill of lading, for negotiation/collection of shipping documents, in respect of export transactions backed by letters of credit, only if the relative letter of credit specifically provides for negotiation of this document in lieu of bill of lading and also if the relative sale contract with the overseas buyer provides that FCR may be accepted in lieu of bill of lading as a shipping document.

2. It has now been decided that authorized dealers may accept Forwarder's Cargo Receipts (FCR) issued by IATA approved agents, in lieu of bill of lading, for negotiation/collection of shipping documents, in respect of export transactions backed by letters of credit, if the relative letter of credit specifically provides for negotiation of this document in lieu of bill of lading even if the relative sale contract with the overseas buyer does not provide for acceptance of FCR as a shipping document, in lieu of bill of lading.

3. Further, authorized dealers may, at their discretion, also accept FCR issued by shipping companies of repute/IATA approved agents (in lieu of bill of lading), for purchase/discount/collection of shipping documents even in cases, where export transactions are not backed by letters of credit, provided their 'relative sale contract' with overseas buyer provides for acceptance of FCR as a shipping document in lieu of bill of lading. However, the acceptance of such FCR for purchase/discount would purely be the credit decision of the bank concerned who, among others, should satisfy itself about the bona fides of the transaction and the track record of the overseas buyer and the Indian supplier since FCRs are not negotiable documents. It would be advisable for the exporters to ensure due diligence on the overseas buyer, in such cases.

4. Authorized dealers may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under Section 10(4) and Section 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.