

## **"SET-OFF" OF EXPORT RECEIVABLES AGAINST IMPORT PAYABLES- LIBERALIZATION OF PROCEDURE**

**A.P. (DIR SERIES 2011-12) CIRCULAR NO. 47, DATED 17-11-2011**

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.