



June 30, 2025

Good morning my Dear Friend

We are happy to share our “weekly” research paper being published on “every Monday”

141 FAQs on Export of Goods and Services under FEMA, 1999

This research paper is relevant

For

Knowing about Export of Goods and Services under FEMA for Residents + also Non-Residents “both” through our “21” pilot points

1.

(i) Exports of Goods and Services (EoGS) from India is regulated by Directorate General of Foreign Trade (DGFT) through its regional offices as functioning under Ministry of Commerce and Industry, Department of Commerce, Government of India (Govt.).

(ii) Policies and procedures as required are to be followed for EoGS as announced by DGFT from time to time.

2.

(i) AD Category-I Banks are permitted to conduct exports transactions in accordance to Foreign Trade Policy (FTP) and Rules thereon as framed by Govt. and through Directions as issued by Reserve Bank of India (RBI) from time to time.

(ii) AD Category-I Banks are permitted to exercise powers as conferred through section 7(1a) and (3) and section 47 (2) under Foreign Exchange Management Act (FEMA) 1999

3.

RBI has notified Foreign Exchange Management (Exports of Goods and Services) Regulations, 2015 for EoGS. These Regulations have been notified through Notification No. FEMA 23(R)/2015-RB dated Jan 12, 2016 also amended from time to time.

4.

(i) Exporters are permitted to issue contracts and invoices in INR in accordance to Rules, Regulations, Notifications and Directions as framed under FEMA, 1999.

(ii) Exporters are also permitted to issue contracts and invoices in freely convertible currency (FCC) under provisions as given in Para 2.52 of FTP (2015-2020)

- (iii) Generally, exporters are **not permitted** to receive payments **against EoGS in INR**. Hence exporters are **permitted** to receive payments **against EoGS in FCC “only”**.
- (iv) Specifically, exporters are **permitted** to receive payments **against specific EoGS in INR where** freely convertible **vostro account (FCVA)** of non- resident AD Category-I Banks are located **in country where** overseas importers (buyers) country is **not** member of **Asian Clearing Union (ACU)** or buyers is situated **in Nepal / Bhutan**.

5.

- (i) Generally, AD Category-I Banks are **required** to make reference **to RBI through Regional Office (RO)** as situated **in jurisdiction where** exporters are **functioning / residing firm / company**.
- (ii) Specifically, AD Category-I Banks are **permitted** to make reference **to RBI through** different ROs **with** specific reasons + also AD Category-I Banks are **required** to take **RBI's approval through RO** as situated **in jurisdiction**.

6.

Financial Year (April to March) is to reckon **as** time base **for 100%** transactions **for EoGS matters**.

7.

- (i) Exporters are **not required** to submit declaration **against** exports of goods and software **in** prescribed form **as** indicated **in Regulation 4 of Foreign Exchange Management (Exports of Goods and Services) Regulations, dated Jan 12, 2016**.
- (ii) However, exporters are **liable** to realize + also to repatriate **exports proceeds “both” in accordance to FEMA Regulations**.

8.

- (i) AD Category-I Banks are **permitted** to consider requests **for** granting **Export Declaration Form (EDF)** waiver **against** request **as** received **from** general exporters **for** exports of goods **at zero cost for** exports promotion **where** exports of goods **at zero cost** are **not** exceeding **2%** of average **“annual exports”** turnover of last **3 preceding** financial years or **not** exceeding **5 lac in** lump sum **whichever is** lower.
- (ii) AD Category-I Banks are **permitted** to consider requests **for** granting EDF waiver **against** request **from** Star holder exporters **for** exports of goods **at zero cost for** exports promotion **where** exports of goods **at zero cost** are **not** exceeding **2%** of average **“annual exports”** turnover of last **3 preceding** financial years or **not** exceeding **10 lac in** Lum-sum **whichever is** lower.
- (iii) Exporters of goods are **permitted** to obtain **RBI's approval through** AD Category-I Banks **for** EDF's waiver **where** exports of goods **at zero cost** + also **not** involving **any foreign exchange** directly / indirectly.

9.

- 100% payments against EoGS are required to receive through AD Category-I Banks in accordance as specified in Foreign Exchange Management (Manner of Receipt & Payment) Regulations, 2000 as notified through Notification No. FEMA.14/2000-RB dated May 3, 2000 in certain modes like:
 - (i) Bank drafts / pay orders / banker's cheques / personal cheques.
 - (ii) Foreign currency notes / foreign currency travellers' cheques from buyers during their personal visit to India.
 - (iii) Payment out of funds as held in FCNR / NRE account as maintained by buyers in India.
 - (iv) International Credit Cards for buyers.

10.

- (i) Generally, exporters are permitted to settle with residents of Nepal / Bhutan in INR "only".
- (ii) Specifically, exporters are required to receive payments in FCC through ACU mechanism where Nepal Rashttra Bank (similar to RBI in India) has permitted buyers to make payments in FCC + also payments "both" are required to route through ACU mechanism "only".
- (iii) Exporters are required to enter in sale contracts along with indication for approximate equivalent value of exports for jewellery of precious metals in relevant EDF where exporters are exporting precious metal i.e. Gold + Silver + also Platinum "all" through Gem and Jewellery through units as located in SEZs / EOUs.

11.

- AD Category-I Banks are permitted to offer facility for repatriation against exports related remittances through entering into standing arrangements for OPGSPs subject to satisfaction of certain conditions:
 - (i) AD Category-I Banks are required to carry due diligence for OPGSP.
 - (ii) OPGSP facility is available for EoGS not exceeding USD 10,000.
 - (iii)
 - (a) AD Category-I Banks are required to open NOSTRO collection accounts for receipts against payments where exporters are availing this facility.
 - (b) AD Category-I Banks are required to ensure that no funds are allowed to retain in other accounts + also 100% receipts should be automatically swept and pooled into NOSTRO collection accounts as opened by AD Category-I Banks in India.
 - (iv) AD Category-I Banks are required to open "separates" NOSTRO collection accounts for "each" OPGSP or AD Category-I Banks should be able to delineate transactions in NOSTRO account of each OPGSP.

- (v) Permissible debits to NOSTRO collection accounts for repatriation of funds against payment of fee / commission for OPGSP in accordance to predetermined rates / frequency / arrangement + also charge back to buyers where exporters have failed in discharging his obligations under sale contract.
- (vi) Balances as held in NOSTRO collection accounts are required to credit to respective exporter's account immediately on receipt of confirmation from buyers within maximum 7 days from date of credit into NOSTRO collection accounts.
- (vii) AD Category-I Banks are required to satisfy about bona fides of transactions + also to ensure that purpose codes as reported to RBI against online payment gateways are correct

12.

- (i) (a) AD Category-I Banks are permitted to facilitate transactions / settlements through participations in ACU Mechanism along with option to settle transactions in ACU Dollar / in ACU Euro. This facility is effective from Jan 01, 2009
- (b) Asian Monetary Unit (AMU) is required to denominate as ACU USD + also ACU Euro which is equivalent in value of 1 USD and 1 Euro respectively.
- (ii) Exporters are permitted to open + also to maintain ACU USD and ACU Euro accounts "both" with AD Category-I Banks. Hence 100% payments are required to settle by concerned AD Category-I Banks through these accounts.
- (iii) Trade transactions with Myanmar may be settled in "any" FCC in addition to ACU mechanism.
- (iv) Trade transactions with Iran may be settled in "permitted" currency outside ACU mechanism. This facility is effective from Dec 27, 2010.

13.

- RBI has decided to permit 3rd party payments for exports transactions "after" satisfaction of certain conditions:
 - (i) (a) AD Category-I Banks are required to ensure that firm irrevocable order for exports is backed by tripartite agreement.
 - (b) AD Category-I Banks are not permitted to insist for firm recoverable order for exports as backed by tripartite agreement where documentary evidences for circumstances as leading to 3rd party payments or name of 3rd party is already mentioned in irrevocable order or invoice as produced by exporters "after" satisfaction of certain conditions:
 - (c) AD Category-I Banks are required to satisfy with bona fides of transactions + also exports documents i.e. invoice + also Foreign Inward Remittance Certificate (FIRC) "both".

- (ii) AD Category-I Banks are required to consider Financial Action Task Force (FATF) statements "before" handling transactions.
- (iii) 3rd party payments are required to route through banking channel "only".
- (iv) Exporters are required to declare 3rd party remittance in EDF + also to realize + also to repatriate exports proceeds "both" from 3rd party as named in EDF
- (v) Exporters are required to realize + also to repatriate exports proceeds "both" from 3rd party at named in EDF.
- (vi) AD Category-I Banks are required to report outstanding in XOS + to continue as shown against name of exporters. AD Category-I Banks are further required to show name of buyers where proceeds are required to realize + also name of declared 3rd party "both" should be appeared in XOS.
- (vii) AD Category-I Banks are required to receive payments from Open Cover Country (OCC) where shipments are being made to country as existed in Group-II of Restricted Cover Countries (RCC) i.e. Sudan + Somalia + also etc. "all"

14.

- AD Category-I Banks are permitted to facilitate settlements of exports transactions where invoicing is in FCC but direct exchange rates are not available "after" satisfaction of certain conditions:
 - (i) Exporters should be customers of AD Category-I Banks.
 - (ii) Signed contract or invoice should be in FCC
 - (iii) Exporters should be ready to receive payments in currency of buyers as full and final settlement.
 - (iv) AD Category-I Banks should be satisfied with bona fides of transactions
 - (v) Buyers should not be from country or jurisdiction as updated in FATF Public Statement on High Risk + also non-co-operative Jurisdictions where FATF has called for counter measures.

15.

AD Category-I Banks are required to put SIN in 100% applications / correspondence to be sent to RBI. SIN number is already available on Export Declaration Form (EDF) + also SOFTEX forms "both".

16.

AD Category-I Banks are required to dispose EDF in accordance to Regulation 6 of Foreign Exchange Management (Exports of Goods and Services) Regulations, 2000 notified through Notification No. FEMA 23/2000-RB dated May 03rd 2000 as amended from time to time.

17.

- (i) Procedure *for* EDF's submission *against* exports of goods *through* EDI ports *is required* to continue "without" any change.
- (ii) Submission of EDF *is not required* where exports of goods *or* software's are taking place *through* EDI port. SDF *is* subsumed *in* shipping bill format.

18.

- (i) EDF *is required* to use *for* declaration of exports of Goods *at* Non-EDI ports.
- (ii) EDF *is required* to complete *by* exporters *in* duplicate + *also* both copies *to* be submitted *to* Customs *at* port of shipment *along with* shipping bill.

19.

- (i) Customs office *is required* to give running serial number *on* both copies "after" admitting *corresponding* shipping bill.
- (ii) Customs serial number *is required* to be 10 numerals denoting code number of port of shipment, calendar year *and* 6-digit running serial number.
- (iii) Customs *are required* to certify value *as* declared *by* exporters *on* both copies of EDF *at* space *as* marked + *also* to record assessed value "both"
- (iv) Customs office *is required* to return duplicate copy of EDF *to* exporters + *also* to retain original copy *for* transmission *to* RBI.
- (v) Customs office *is required* to return duplicate copy "after" examination of goods + *also* certifying quantity *as* approved *for* shipment *to* exporters *for* submission *to* AD Category-I Banks *for* negotiation / collection of exports bills

20.

- (i) Exporters *are required* to submit duplicate copy of EDF *again to* Customs *along with* cargo *as to* be shipped.
- (ii) Exporters *are required* to lodge duplicate copy *along with* relative shipping documents + *also* extra copy of invoice "both" *to* AD Category-I Banks *as* named *in* EDF.

21.

- (i) AD Category-I Banks *are required* to report transaction *through* Export Data Processing and Monitoring System (EDPMS) of RBI "after" documents *have been* negotiated / sent *for* collection.
- (ii) AD Category-I Banks *are not required* to submit duplicate copy of form *together with* copy of invoice *to* RBI.
- (iii) AD Category-I Banks *are permitted* to accept another duplicate copy of EDF *as* duly certified *by* Customs
- (iv) AD Category-I Banks *are required* to countersign original copy of EDF *for* exports of goods *through* postal. AD Category-I Banks *have* to follow misplaced / lost.

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