

RBI looks to ease export, import transaction norms

Grants more autonomy to banks for efficient services to forex customers

ABHIJIT LELE

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The Reserve Bank of India (RBI) has proposed rationalisation of norms governing export and import transactions to promote ease of doing business and empower banks to deliver quicker and more efficient services to foreign exchange customers. According to draft norms, every exporter should furnish a declaration specifying the amount of the full export value of the goods or services.

The amount representing the full export value of goods and services shall be realised and repatriated to India within nine months from the date of shipment for goods and date of invoice for services, the RBI said.

This was part of the draft regulations released by the central bank on Tuesday under the Foreign Exchange Management Act (FEMA) and directions to authorised dealer banks. It sought comments by September 1, 2024.

The draft proposed that the authorised dealer may place an exporter, who has not realised the full value of export within the time specified, in the caution list. An exporter who has been in caution listed can undertake export only against receipt of advance payment in full or against an irrecoverable letter of credit, to the satisfaction of the authorised dealer.

The draft said no advance remittance for the



RBI said amount realised for exports must be repatriated within nine months

import of gold and silver should be permitted unless specifically approved by the central bank. Advance payment for export of goods and services can be received according to the export contract. Rate of interest charged on the advance for export shall not exceed the all-in-cost ceiling of trade credit.

The RBI draft norms said if the exporter was unable to meet the export obligation according to the terms of contract, the advance received should be refunded immediately. The authorised dealer could grant extension of time for the completion of the export obligation.

As for project exports of goods and services on deferred payment terms, the RBI proposed that the exporter should submit the proposal for prior approval of the authorised dealer before entering into such export arrangement. This rule will be applicable for execution of a turnkey project or a civil construction contract under projects exports.