

RBI proposes to ease forex rules for exporters

Traders to be heard before being asked to get full payment before shipments

MUKESH JAGOTA
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THE RESERVE BANK of India (RBI) has proposed that banks who are authorised dealers of foreign exchange should give reasonable opportunity to traders to be heard before being 'caution listed'.

The proposal is part of the draft of Foreign Exchange Management (Export and Import of Goods and Services) Act Regulations 2024 released on Tuesday by the central bank for public comments.

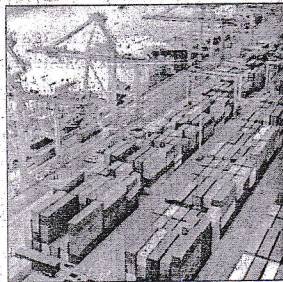
Exporters who fail to realise payments for exports over 24 months are caution-listed. Once a firm gets the tag, then shipments can only be made by it against full advance payment or letter of credit.

Under the current rules, all proceeds from exports of goods and services have to be brought back to the country within 270 days or nine months. This is proposed to continue under the new draft.

Prior to 2020, caution-listing was done by the RBI if payments for exports got delayed beyond 24 months and was done automatically by the computer system if the payment was not reflected against the shipped goods. This job was later given to the authorised dealers as sometimes banks failed to update the receipt of payment on time and the system at RBI would automatically caution-list them.

With the new proposed guidelines if an exporter can demonstrate that the delayed payments are still being pursued then he might escape the caution list.

According to the draft guidelines exporters who have been caution listed can undertake shipments only against receipt of



RELIEF MOVE

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advance payment in full or against an irrevocable letter of credit, to the satisfaction of the authorised dealer.

As per the draft, every exporter should furnish to the specified authority a declaration specifying the amount representing 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 draft reiterated. According to the draft, no advance remittance for the import of gold and silver should be permitted unless specifically approved by the RBI.

The RBI said the proposed regulations are intended to promote ease of doing business, especially for small exporters and importers.