TJSB SAHAKARI BANK LTD. MULTI-STATE SCHEDULED BANK

EXPORTS

STANDARD OPERATING PROCEDURE

INTERNATIONAL BUSINESS DIVISION

TABLE OF CONTENTS

1) EXPORT – PURPOSE, SCOPE AND OBJECTIVE

Export refers to the sale and shipment of goods or services from India to an overseas buyer, resulting in the receipt of foreign exchange. Export transactions play a significant role in facilitating international trade and contribute to the country's foreign exchange earnings.

Entities undertaking export activities are required to obtain a valid Import Export Code (IEC) issued by the Director General of Foreign Trade (DGFT) and comply with the provisions of the Foreign Exchange Management Act (FEMA), RBI Master Directions, and other applicable regulatory guidelines.

This Standard Operating Procedure (SOP) provides a structured framework for processing export-related transactions by the Bank. It defines the operational workflow, documentation requirements, regulatory checks, and compliance standards to ensure timely and accurate handling of export proceeds and inward remittances.

PURPOSE: -

The purpose of this SOP is to establish a standardized process for handling export transactions, including export advance receipts, realization of export proceeds against documents, and inward remittances. It aims to ensure regulatory compliance, operational consistency, and effective risk management across all branches.

SCOPE: -

This SOP applies to all branches and departments involved in processing export transactions. It covers export advance receipts, export realization against documents, inward remittances received for purposes other than exports, and inward remittances received by individuals. The SOP also defines the documentation, approval process, compliance requirements, and reporting obligations applicable to these transactions.

OBJECTIVE: -

To establish a uniform and efficient process for export-related transactions.

To ensure compliance with RBI, FEMA, DGFT, and the Bank's internal policies.

To facilitate timely processing and realization of export proceeds.

To strengthen documentation standards and regulatory reporting.

To minimize operational and compliance risks.

To provide clear operational guidance to all concerned officials for consistent transaction processing.

METHOD OF SETTLEMENT OF INTERNATIONAL TRADE

- **ADVANCE PAYMENT RECEIVED BEFORE SHIPMENT**
- **EXPORT REALIZATION AGAINST DOCUMENTS**
- **INWARD REMITTANCES FOR PURPOSES OTHER THAN EXPORT**
- **INWARD REMITTANCES FOR INDIVIDUALS**

2) ADVANCE PAYMENT RECEIVED BEFORE SHIPMENT

An Export Advance Receipt refers to an inward remittance received from an overseas buyer before the shipment of goods or rendering of services. This enables the exporter to receive funds in advance to facilitate procurement, manufacturing, or execution of the export order.

The Bank processes Export Advance Receipts in accordance with the provisions of the Foreign Exchange Management Act (FEMA), applicable RBI Master Directions, and the Bank's internal policies. Before crediting the funds, the Bank carries out necessary due diligence, including verification of the purpose of remittance, KYC/AML compliance, sanctions screening, and other regulatory checks.

Upon receipt of the advance, the exporter is required to **complete the export of goods or services within one year from the date of receipt of the advance payment**, or within such extended period as may be permitted by the Reserve Bank of India. The shipping documents relating to the export should be routed through the same Authorised Dealer (AD) Bank that received the advance remittance to facilitate reporting and settlement in the Export Data Processing and Monitoring System (EDPMS).

Where the export transaction is not completed within the prescribed period, the exporter shall **regularize the transaction by obtaining an extension from RBI, where applicable, or refund the unutilized advance amount to the overseas buyer in accordance with FEMA/RBI guidelines**. The Bank shall monitor the transaction until the export proceeds are duly adjusted in EDPMS or the advance is appropriately repatriated.

1. Documentation Requirements

The following documents shall be obtained before processing an Export Advance Receipt:

- Disposal Instruction form
- FEMA Declaration covering letter from party
- Import Export Code (IEC).
- Proforma Invoice/Commercial Invoice.
- Any other document prescribed under RBI/FEMA guidelines or the Bank's internal policy.

2. Detailed Process Flow & Approving Authority

The transaction shall be processed in the following sequence:

- Receipt of Export Advance Receipt request from the branch/customer.
- Verification and scrutiny of documents by the Trade Finance Department.
- AML, Sanctions Screening, FATF and FEMA compliance checks.
- Forex booking, wherever applicable, and settlement of the inward remittance.
- Credit of proceeds to the customer's Current Account or EEFC Account.
- Reporting of the advance receipt in EDPMS.
- Submission of proof of export within the timeline prescribed under RBI guidelines.
- Maker-Checker authorization by designated officials as per the Bank's Delegation of Authority.

3. Schedule of Charges

- FCCT (Foreign currency conversion tax) on foreign currency conversion is applicable as per the prescribed GST slab.

4. Defined Processing Timelines

Export Advance Receipt requests received with complete documents up to 3:00 PM (Bank's cut-off time) shall normally be processed on the same working day, subject to successful completion of document verification, compliance checks and receipt of funds.

Requests received after 3:00 PM or requiring clarification/additional documents shall be processed on the next working day.

5. Escalation Matrix & Grievance Redressal Mechanism

Any operational issue, delay or customer grievance shall be escalated through the Bank's approved Escalation Matrix and resolved in accordance with the Bank's Grievance Redressal Policy.

3) EXPORT REALIZATION AGAINST DOCUMENTS

Export Realization Against Documents refers to the receipt of export proceeds from an overseas buyer against goods already exported or services rendered by the exporter. The Bank facilitates the collection and realization of export proceeds through the banking channel while ensuring compliance with the applicable provisions of the **Foreign Exchange Management Act (FEMA)**, **RBI Master Directions**, **FEDAI Rules**, and the Bank's internal policies.

Before processing the transaction, the Bank undertakes necessary due diligence, including verification of export documents, Know Your Customer (KYC), Anti-Money Laundering (AML) checks, sanctions screening, and other regulatory compliance requirements to ensure the genuineness of the transaction.

The exporter shall ensure that the export proceeds are **realized and repatriated to India within nine (9) months from the date of export**, or within such extended period as may be permitted by the **Reserve Bank of India (RBI)**. Upon receipt of the export proceeds, the Bank shall credit the funds to the exporter's account, report the realization in the **Export Data Processing and Monitoring System (EDPMS)**, and close the corresponding Shipping Bill in accordance with RBI/FEMA guidelines. Any delay in realization, extension of the realization period, write-off of export dues, or settlement through alternative mechanisms shall be governed by the applicable RBI/FEMA regulations.

1. Documentation Requirements

The following documents shall be obtained before processing export realization against documents:

- Disposal Instruction form
- Export Bill Lodgment Request.
- Commercial Invoice.
- Packing List.
- Shipping Bill.
- Bill of Lading/Air Way Bill/Transport Document.
- Import Export Code (IEC).
- Any other document prescribed under RBI/FEMA guidelines or the Bank's internal policy.

2. Detailed Process Flow & Approving Authority

The transaction shall be processed in the following sequence:

- Receipt of export documents from the branch/customer.
- Verification and scrutiny of documents by the Trade Finance Department.
- AML, Sanctions Screening, FATF and FEMA compliance checks.
- Forex booking, wherever applicable, and settlement of export proceeds.
- Credit of export proceeds to the customer's Account/EEFC Account.
- Mapping and closure of the shipping bill in EDPMS.
- Maker-Checker authorization by designated officials as per the Bank's Delegation of Authority.

3. Schedule of Charges

Charges shall be recovered as per the Bank's approved Schedule of Charges, including:

- **Export Bill Collection Charges**:

  0.0625% of the notinal INR amount converted to FCY bill value or minimum INR 500/- plus GST, whichever is higher

  Late submission charges if documents submitted after 21 days from Date of Shipment (INR. 250 for per quarter)

- **Export Bill Realization Charges:** -

  Bank Realization Certificate Charges: INR 100 + GST

  Late Realization charges if remittance received after Bill Maturity (INR. 250 for per quarter)

  FCCT (Foreign currency conversion tax) on foreign currency conversion is applicable as per the prescribed GST slab.

4. Defined Processing Timelines

Export realization requests received with complete documents up to 3:00 PM (Bank's cut-off time) shall normally be processed on the same working day, subject to Successful completion of compliance checks.

Availability of complete documentation. Requests received after 3:00 PM or requiring clarification/additional documents shall be processed on the next working day.

5. Escalation Matrix & Grievance Redressal Mechanism

Any exception, processing delay, operational issue, or customer grievance shall be escalated through the Bank's approved Escalation Matrix. Customer complaints shall be resolved in accordance with the Bank's Grievance Redressal Policy and applicable RBI guidelines.

4) INWARD REMITTANCES FOR PURPOSES OTHER THAN EXPORT

Inward Remittances for Purposes Other Than Export refer to foreign currency remittances received from overseas for transactions that are not related to export of goods or services. These remittances may include receipts towards consultancy fees, professional services, investments, maintenance, gifts, donations, reimbursements, royalties, dividends, pensions, or any other permissible purpose under the provisions of the Foreign Exchange Management Act (FEMA) and the directions issued by the Reserve Bank of India (RBI).

The Bank processes such inward remittances in accordance with the applicable FEMA provisions, RBI Master Directions, FEDAI Rules, and the Bank's internal policies. Prior to crediting the funds, the Bank undertakes due diligence, including verification of the purpose of remittance, supporting documents, KYC/AML compliance, sanctions screening, and other regulatory requirements to ensure the genuineness of the transaction.

The remittance shall be processed under the appropriate **RBI Purpose Code** and credited to the beneficiary's account after completion of all regulatory and compliance checks. Where supporting documents or regulatory approvals are required, the customer shall submit the same before processing the transaction. This SOP outlines the documentation requirements, operational process, regulatory compliance, processing timelines, applicable charges, approving authorities, and customer grievance redressal mechanism for processing **Inward Remittances for Purposes Other Than Export** in a transparent, efficient, and customer-centric manner.

1. Documentation Requirements

The following documents shall be obtained before processing Inward remittance for purpose of other than export:

- Disposal Instruction form
- Inward Remittance Request/Application.
- Purpose Declaration.
- Invoice, Agreement or other supporting documents based on the nature of the remittance.
- Any other document prescribed under RBI/FEMA guidelines or the Bank's internal policy.

2. Detailed Process Flow & Approving Authority

The transaction shall be processed in the following sequence:

- Receipt of inward remittance request from the branch/customer.
- Verification and scrutiny of supporting documents.
- AML, Sanctions Screening, FATF and FEMA compliance checks.
- Verification of RBI Purpose Code.
- Forex booking, wherever applicable, and settlement of the inward remittance.
- Credit of proceeds to the customer's designated account.
- Regulatory reporting under applicable RBI/FEMA guidelines.
- Maker-Checker authorization by designated officials as per the Bank's Delegation of Authority.

3. Schedule of Charges

- FCCT (Foreign currency conversion tax) on foreign currency conversion is applicable as per the prescribed GST slab.

4. Defined Processing Timelines

Requests received with complete documentation up to 3:00 PM (Bank's cut-off time) shall normally be processed on the same working day, subject to successful completion of compliance checks and receipt of funds.
Requests received after 3:00 PM or requiring clarification/additional documents shall be processed on the next working day.

5. Escalation Matrix & Grievance Redressal Mechanism

Any operational issue, exception or customer grievance shall be escalated through the Bank's approved Escalation Matrix and resolved in accordance with the Bank's Grievance Redressal Policy.

5) INWARD REMITTANCES FOR INDIVIDUALS

Inward Remittances for Individuals refer to foreign currency remittances received by resident or eligible non-resident individuals through banking channels for permissible personal purposes under the provisions of the **Foreign Exchange Management Act (FEMA)** and the directions issued by the **Reserve Bank of India (RBI)**. Such remittances may include family maintenance, gifts, pensions, salary, education, medical expenses, personal savings, inheritance, or any other purpose permitted under the applicable regulations.

The Bank processes inward remittances for individuals in accordance with FEMA, RBI Master Directions, **FEDAI Rules**, and the Bank's internal policies. Before crediting the remittance, the Bank carries out necessary due diligence, including verification of the beneficiary's identity, purpose of remittance, KYC/AML compliance, sanctions screening, and other regulatory requirements.

The remittance shall be processed using the appropriate **RBI Purpose Code** and credited to the beneficiary's account after completion of all prescribed compliance checks. Where additional supporting documents are required under applicable regulations, the beneficiary shall provide the same to facilitate timely processing. This SOP outlines the documentation requirements, operational process, regulatory compliance, processing timelines, applicable charges, approving authorities, and customer grievance redressal mechanism for processing **Inward Remittances for Individuals** in a transparent, efficient, and customer-centric manner.

1. Documentation Requirements

The following documents shall be obtained before processing inward remittances for individuals:

- Disposal Instruction form
- Purpose Declaration.
- Supporting documents based on the nature of remittance, if required.
- Any other document prescribed under RBI/FEMA guidelines or the Bank's internal policy.

2. Detailed Process Flow & Approving Authority

The transaction shall be processed in the following sequence:

- Receipt of inward remittance request from the branch/customer.
- Verification of beneficiary details and transaction purpose.
- AML, Sanctions Screening, FATF and FEMA compliance checks.
- Forex booking, wherever applicable, and settlement of the inward remittance.
- Credit of proceeds to the beneficiary's account.
- Regulatory reporting under applicable RBI/FEMA guidelines.
- Maker-Checker authorization by designated officials as per the Bank's Delegation of Authority.

3. Schedule of Charges

- FCCT (Foreign currency conversion tax) on foreign currency conversion is applicable as per the prescribed GST slab.

.

4. Defined Processing Timelines

Requests received with complete documentation up to 3:00 PM (Bank's cut-off time) shall normally be processed on the same working day, subject to successful completion of compliance checks and receipt of funds.

Requests received after 3:00 PM or requiring clarification/additional documents shall be processed on the next working day.

5. Escalation Matrix & Grievance Redressal Mechanism

Any operational issue, exception or customer grievance shall be escalated through the Bank's approved Escalation Matrix and resolved in accordance with the Bank's Grievance Redressal Policy.

6) CUSTOMER FAIRNESS

The Bank shall ensure fair and transparent treatment of all customers by:

Processing transactions in accordance with RBI/FEMA/FEDAI guidelines and the Bank's internal policies.

Ensuring that customers are not charged for delays attributable to the Bank's internal processing or regulatory issues beyond the customer's control. Promptly informing customers of any discrepancies or additional documentation required for processing.

7) INTERNAL OVERSIGHT AND TRAINING

The Bank shall establish appropriate governance and control mechanisms for cross-border transactions by:

Conducting periodic internal and concurrent audits to ensure compliance with regulatory requirements and internal policies. Providing regular training and updates to employees handling cross-border transactions on RBI, FEMA, FEDAI, AML/CFT, and other applicable guidelines. Maintaining adequate succession planning and authorization controls for key Trade Finance personnel to ensure uninterrupted operations.