TJSB SAHAKARI BANK LTD. MULTI-STATE SCHEDULED BANK ...Since 1972

Bharose ka Bank Bhavishya ka Bank

IMPORT/OUTWARD REMITTANCES STANDARD OPERATING PROCEDURE

INTERNATIONAL BUSINESS DIVISION

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(1) IMPORTS

When goods & services exchanged from foreign country to home country against exchange of foreign currency. It involves Inflow of goods & services and outflow of foreign exchange.

Every person/firm/company engaged in import business should obtain an IMPORT EXPORT CODE (IEC) number issued by the Director General of Foreign Trade (DGFT)

An import payment Standard Operating Procedure (SOP) outlines the step-by-step processing of international remittances by Authorized Dealer (AD) banks. It ensures adherence to the Reserve Bank of India (RBI) Foreign Exchange Management Act (FEMA) guidelines, covering KYC checks, documentation validation, FX conversion, and subsequent import evidence tracking.

PURPOSE

The purpose of this SOP is to define the process for procurement of imported materials/goods and remittance of advance payment to overseas suppliers in compliance with banking regulations, FEMA, RBI guidelines, and company internal controls.

SCOPE

This SOP shall apply to all import transactions involving spare parts, machinery, equipment, tools, accessories, raw materials, and capital goods where Import payment is required. It may be before shipment or after shipment.

OBJECTIVE

- Establish a transparent and controlled import process
- Ensure compliance with RBI/FEMA regulations
- Avoid financial risk in advance remittance
- Maintain proper documentation for audit and banking purposes

Types of Outward Payments:

1. Advance Import payments
2. Import Bill Payments
3. Outward Remittance for Individuals
4. Outward remittance for non-Individual

(2) Advance Import payments (Payment Before Shipment)

An Advance Remittance is executed when the importer pays to foreign supplier before goods are shipped.

Documents required:

- Format for Import payments
- Fema Declaration
- OGL declaration
- Proforma Invoice
- IEC COPY

Standard Operating Procedure Steps

- **Initiation & Application:** Importer or Branch submits Application i.e. Format for Import payments, Fema and OGL declaration alongside an Accepted Proforma Invoice with details of FX conversion or forward contract utilization, and instructions for debiting their Current/Cash Credit or EEFC account
- **Document Scrutiny:** Documents received from client or Branch are scrutinized from Trade Finance Experts team and will inform to client on same day provided documents will get before 3 P.M.
- **Regulatory & Compliance Checks:** Country risk is checked on AML software. Balance check and Signature verification along with email indemnity check is done before processing. Transaction to comply with FATF guidelines
- **Guarantee Requirements:** Under current RBI EXIM guidelines, individual Authorized Dealer (AD) banks establish their own board-approved thresholds above which an overseas bank guarantee is mandatory before transmitting any Advance Import payments. We at TJSB Sahakari Bank Ltd call for a Bank Guarantee from beneficiary to transmit Advance Import payments to and above USD 750000.00. Also credit report of Beneficiary is called for Advance Import payments to and above USD 100000.00
- **Forex Booking & Settlement:** Once all document checks are done as per FEMA guidelines and necessary due diligence is done, bank processes the foreign currency exchange with Forex Treasury. Once the FX rate is locked or mapped to an existing forward contract, the bank debits the importer's account for the total Invoice value plus applicable bank charges. Maker inputs and Checker verifies transactions to transmit

remittance and SWIFT gets generated. Correspondent Bank charges are debited on next working day. Acknowledged SWIFT copy is emailed to client or branch from where request is received

- **Execution & IDPMS Mapping:** The bank routes the payment via SWIFT and creates a pending **Advance Outward Remittance Outward Message (ORM)** entry in the Import Data Processing and Monitoring System (IDPMS).
- **Proof of Import Timeline:** The importer must physically import the goods and provide copy of **Bill of Entry (BOE)** to map against the IDPMS entry within 6 months from the date of remittance.
- **Non-Import Repatriation:** If the import does not materialize, the client must ensure the advance payment is fully repatriated back to India.

Standard charges to process Advance Import Payment

- Import commission :0.25% Min Rs 750/- + GST,
  Additional 0.10% + GST if EEFC/ DDA account is debited
- SWIFT charges: INR 500/- +GST
- Foreign Currency Conversion tax (As per slabs given by GST)

Defined Timeline:

Same day process if receipt of documents before 3 PM and documents are in order as per FEMA Guidelines and all due diligence done is in order

(3) Import Payments (Payment after Shipment)

An Import Remittance is executed when the importer pays to foreign supplier after goods are shipped. Goods may not be entered in India however shipment of goods is done by foreign supplier from foreign country to India.

Documents required:

- Format for Import payments
- Fema Declaration
- OGL declaration
- Commercial Invoice
- Transport document (Bill of Lading or Airway Bill)
- Bill of entry (if available)
- IEC COPY

Standard Operating Procedure Steps

- **Initiation & Application:** Importer or Branch submits Application i.e. Format for Import payments, Fema and OGL declaration alongside Commercial Invoice,Transport document (Bill of Lading or Airway bill) and Bill of entry copy (If shipment has arrived in India) with details of FX conversion or forward contract utilization, and instructions for debiting their Current/Cash Credit or EEFC account
- **Document Scrutiny:** Documents received from clients or Branch are scrutinized from Trade Finance Experts team and will inform to client on same day provided documents will get before 3 P.M.
- **Regulatory & Compliance Checks:** Country risk is checked on AML software. Balance check and Signature verification along with email indemnity check is done before processing. Transaction to comply with FATF guidelines
- **Pre-payment Verification:** The bank verifies that the BOE is already generated by Customs and matches with data given by client in the IDPMS.
- **Forex Booking & Settlement:** Once all document checks are done as per FEMA guidelines and necessary due diligence is done, bank processes the foreign currency exchange with Forex Treasury. Once the FX rate is locked or mapped to an existing forward contract, the bank debits the importer's account for the total Invoice value plus applicable bank charges. Maker inputs and Checker verifies transactions to transmit

payment and SWIFT gets generated. Correspondent Bank charges are debited on next working day. Acknowledged SWIFT copy is emailed to client or branch from where request is received

- **Execution & IDPMS Mapping:** The bank routes the payment via SWIFT and creates a pending **Outward Remittance Outward Message (ORM)** entry in the Import Data Processing and Monitoring System (IDPMS). If Bill of entry is given while processing payment simultaneously captioned Bill of entry is settled against respective ORM.
- **Proof of Import Timeline:** The importer must provide copy of **Bill of Entry (BOE)** to map against the IDPMS entry within 3 months from the date of remittance when goods are not entered in India and hence client has submitted Bill of entry while processing payment.

Standard charges to process Import Payment after shipment

- Import commission :0.25% Min Rs 750/- + GST
  Additional 0.10% + GST if EEFC/ DDA account is debited
- SWIFT charges: INR 500/- +GST
- Foreign Currency Conversion tax (As per slabs given by GST)

Defined Timeline:

- Same day process if receipt of documents before 3 PM and documents are in order as per FEMA Guidelines and all due diligence done is in order.

(4) Outward Remittances for Non-Individuals

It is necessary to establish a standardized process for handling outward remittances for non-individual customers (Companies, Partnership Firms, LLPs, Trusts, Societies, etc.) in compliance with RBI/FEMA guidelines, internal bank policies, and anti-money laundering regulations.

Documents required:

- Outward Remittance Application Form
- A2 Form
- Fema Declaration
- Invoice/Contract/Agreement
- Board Resolution/Authorized Signatory Details (if applicable)
- Form 145/146 (for remittances requiring tax compliance)

Standard Operating Procedure Steps

- **Receipt of Request:** Branch or IBD centers to receive outward remittance request/ Application from client along with A2 form, Fema declaration along with Invoice or Agreement. Details of FX conversion or forward contract utilization, and instructions for debiting their Current/Cash Credit or EEFC account are to be checked on Application.
- **Document Scrutiny:** Documents received from clients or Branch are to be verified viz. invoice, contract, and supporting documents by Trade Finance Experts team and will inform to client on same day provided documents will get before 3 P.M. Check on beneficiary details is mandatory along with Beneficiary Bank Details with Account Number/IBAN. It is required to ensure purpose code correctly mentioned since same is required for R-Return data by banks
- **Regulatory & Compliance Checks:** KYC and necessary Due Diligence is done at branch level. Country risk is checked on AML software. Balance check and Signature verification along with email indemnity check is done before processing. Transaction to comply with FATF guidelines. Transaction is verified as per FEMA regulations. Applicability of Form 145/146 is verified by Trade team.
- **Forex Booking & Settlement:** Once all document checks are done as per FEMA guidelines and necessary due diligence is done, bank processes the foreign currency

exchange with Forex Treasury. Once the FX rate is locked or mapped to an existing forward contract, the bank debits the clients' account for the total Invoice value plus applicable bank charges. Make inputs and Checker verifies transactions to transmit remittance and SWIFT gets generated. Correspondent Bank charges are debited on next working day. Acknowledged SWIFT copy is emailed to client or branch from where request is received

Standard charges to process Outward Remittance (Non Individuals)

- Outward commission :0.25% Min Rs 500/- + GST
  Additional 0.10% + GST if EEFC/ DDA account is debited
- SWIFT charges: INR 500/- +GST
- Foreign Currency Conversion tax (As per slabs given by GST)

Defined Timeline:

- Same day process if receipt of documents before 3 PM and documents are in order as per FEMA Guidelines and all due diligence done is in order.

(5) Outward Remittances for Individuals

For handling outward remittances for individual customers, it is required to establish a standardized process in compliance with FEMA, RBI guidelines, Anti-Money Laundering (AML) requirements, and bank policies.

Documents required:

- Outward Remittance Application Form
- A2 Form
- Fema Declaration
- PAN copy
- Invoice/ University letter (in case of Education fees remittance)

Standard Operating Procedure Steps

- **Receipt of Request:** Branch or IBD centers to receive outward remittance request/ Application from client along with A2 form, Fema declaration along with PAN copy of client. Details of FX conversion and instructions for debiting their Current account are to be checked on Application.
- **Document Scrutiny:** Documents received from clients or Branch are to be verified along with PAN copy by Trade Finance Experts team and will inform to client on same day provided documents will get before 3 P.M. Check on beneficiary details is mandatory along with Beneficiary Bank Details with Account Number/IBAN. It is required to ensure purpose code correctly mentioned since same is required for R-Return data by banks. Purpose code is selected as per purpose code list given under Liberalised Remittance Scheme (LRS) of RBI
- **Regulatory & Compliance Checks:** KYC and necessary Due Diligence is done at branch level. Country risk is checked on AML software. Balance check and Signature verification is done before processing. Transaction to comply with FATF guidelines. Transaction is verified as per FEMA regulations. Trade team confirms whether remittance falls under permitted Current or Capital account transaction and check for RBI approval if required. LRS limit check is done on RBI portal and Tax collected at source applicability is calculated accordingly. Being remittance under LRS, Relation of Applicant and Beneficiary is checked as per RBI guidelines.
- **Forex Booking & Settlement:** Once all document checks are done as per FEMA guidelines and necessary due diligence is done, bank processes the foreign currency

exchange with Forex Treasury. Once the FX rate is locked or mapped to an existing forward contract, the bank debits the clients' account for the total Remittance value plus applicable bank charges and Tax collected at source if applicable. Make inputs and Checker verifies transactions to transmit remittance and SWIFT gets generated. Correspondent Bank charges are debited on next working day. Acknowledged SWIFT copy is emailed to client or branch from where request is received

Documents required for outward Remittance of Non Resident Indians (NRI)

- Application for repatriation of funds Form
- A2 form - Fema for NRI
- Supporting documents required for repatriation of funds
- Tax compliance certificate from CA (for NRO repatriation)
- ITR file copy (for NRO repatriation)
- Form145/146 (for NRO repatriation)

Standard charges to process Outward Remittance (Non Individuals)

- Outward commission :0.15% Min Rs 250/- + GST (upto USD 10000.00)
  0.25% Min Rs 500/- + GST (above USD 10000.00)
- SWIFT charges: INR 500/- +GST
- Foreign Currency Conversion tax (As per slabs given by GST)
- Tax Collected at source if applicable as per slabs decided by Income Tax Department

Defined Timeline:

- Same day process if receipt of documents before 3 PM and documents are in order as per FEMA Guidelines and all due diligence done is in order.