

TO,
ALL MEMBERS OF COUNCIL

Sub: Business disruption on account of Corona Virus (COVID-19) & support measures initiated by Govt.

Dear Members,

Members are aware that Corona Virus (COVID-19) had initially started spreading from China & immediately thereafter the virus has been transmitted to various countries in a matter of over 1 month. At present the virus has reportedly impacted about more than 100 countries across the globe.

As our trade is having close links with Hong Kong & China (about 1/3rd business)), the Council had taken up the issue with RBI, Ministry of Commerce & Industries (MoC&I) & Ministry of Finance (MoF), seeking immediate intervention by introducing trade facilitating measures in the light of significant impact on exports to Hong Kong & China during the month of January 2020 & February 2020. Our representation has been escalated through Ministry of Commerce & Industries (MoC&I) to Ministry of Finance (MoF).

In response to Council's initiative & support from Ministry of Commerce & Industries (MoC&I), we are pleased to advise that Ministry of Finance (MoF), Govt. of India has responded to Exporters/ Council's representation on impact of corona virus on business & transactions etc.

The Government through internal communication has already sensitised Public Sector Banks (PSB's) & Insurance Regulatory and Development Authority of India (IRDAI), on steps to be taken to contain the impact of corona virus spread in various countries on businesses. Accordingly, Banks & the Insurance Companies are expected to initiate need based support to streamline trade & business operations especially imports & exports.

As per RBI Master Directions, salient features of provisions related to Packing Credit & realisation of Export proceeds and Extension of time for realisation of export proceeds are reproduced below for ready reference:

Packing Credit: For any delay in shipment, permission may be taken for the same from AD banks quoting COVID-19 reason.

A.2 Realization and repatriation of proceeds of export of goods / software / services

It is obligatory on the part of the exporter to realize and repatriate the full value of goods / software / services to India within a stipulated period from the date of export, as under:

(i) It has been decided in consultation with the Government of India that the period of realization and repatriation of **export proceeds shall be nine months from the date of export** for all exporters including Units in Special Economic Zones (SEZs), Status Holder Exporters, Export Oriented Units (EOUs), Units in Electronic Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) & Bio-Technology Parks (BTPs) until further notice.

(ii) For goods exported to a warehouse established outside India, the proceeds shall be realized within fifteen months from the date of shipment of goods.

C.20 Extension of time

(i) The Reserve Bank of India has permitted the **AD Category – I banks to extend the period of realization of export proceeds beyond stipulated period of realization from the date of export, up to a period of six months**, at a time, irrespective of the invoice value of the export subject to the following conditions:

a) The export transactions covered by the invoices are not under investigation by Directorate of Enforcement / Central Bureau of Investigation or other investigating agencies,

b) The AD Category – I bank is satisfied that the exporter has not been able to realize export proceeds for reasons beyond his control,

c) The exporter submits a declaration that the export proceeds will be realized during the extended period,

d) While considering extension beyond one year from the date of export, the total outstanding of the exporter does not exceed USD one million or 10 per cent of the average export realizations during the preceding three financial years, whichever is higher.

e) In cases where the exporter has filed suits abroad against the buyer, extension may be granted irrespective of the amount involved / outstanding.

(ii) Cases which are not covered by the above instructions would require prior approval from the concerned Regional Office of the Reserve Bank.

(iii) Reporting should be done in EDPMS.

We request trade members/ exporters to make use of above provisions to streamline the business activity.

For ready reference of the RBI Mater Direction (Circular), kindly click on the link given below:

https://www.rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10395

Thanking you,

With best regards,

Sd/-

SABYASACHI RAY
EXECUTIVE DIRECTOR