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AEPC/HO/SG/R&PA/2022

10.11.2022

Dear members,

Sub: DGFT issues Notification No. 43/2015-2020 dated 9th November 2022 and Public Notice No. 35/2015-20 dated 9th November 2022 in sync with RBI Circular No. 10 - RBI/2022-2023/90 A.P. (DIR Series) dated 11th July, 2022.

RBI had issued Circular No. 10 - RBI/2022-2023/90 A.P. (DIR Series) dated 11th July, 2022 regarding International Trade Settlement in Indian Rupees. RBI had put in place an additional arrangement for invoicing, payment and settlement of exports/imports in INR. RBI had stated that this mechanism has been put in place in order to promote growth of global trade with emphasis on exports from India and to support the increasing interest of the global trading community in INR.

2. For implementing these provisions, DGFT had issued a Notification No. 33/2015-2020 dated 16.09.2022, wherein DGFT had inserted Para 2.52(d) under the Foreign Trade Policy in sync with RBI A.P. (DIR Series) Circular No.10 dated 11th July 2022, as under:

“2.52(d) Invoicing, payment and settlement of exports and imports is also permissible in INR under RBI’s A.P. (DIR Series) Circular No 10 dated 11th July, 2022. Accordingly, settlement of trade transactions in INR may also take place through the Special Rupee Vostro Accounts opened by AD Banks in India as permitted under Regulation 7(1) of Foreign Exchange Management (Deposit) Regulations, 2016”, in accordance to the following procedures:

(i) Indian importers undertaking imports through this mechanism shall make payment in INR which shall be credited into the Special Vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller / supplier.

(ii) Indian exporters, undertaking exports of goods and services through this mechanism, shall be paid the export proceeds in INR from the balances in the designated Special Vostro account of the correspondent bank of the partner country.”

3. AEPC had informed the members regarding RBI Circular No. 10 - RBI/2022-2023/90 A.P. (DIR Series) dated 11th July, 2022 vide Circular No. 111 dated 12.07.2022 (copy of the Circular is enclosed for ready reference).

4. Now, DGFT has issued Notification No. 43/2015-2020 dated 9th November 2022 making amendments under the Foreign Trade Policy regarding International Trade Settlement in Indian Rupees. DGFT has also issued Public Notice No. 35/2015-20 dated 9th November 2022 making amendment in Para 5.11 of the HBP. Copies of the Notification, Public Notice and RBI Circular are enclosed with this Circular as Annexure for your ready reference.

5. The DGFT vide Notification No. 43/2015-2020 dated 09.11.2022 has made provisions related to Import for export (para 2.46) Applicability of FTP Schemes for Export Realization in Indian Rupees (para 2.53), Status holder (para 3.20), Currency for Realization of Export Proceeds (para 4.21), Realization of Export Proceeds (para 5.11).

6. The salient features of the amendments in Notification No. 43/2015-2020 dated 9th November 2022 are as follows:

Existing Para	Revised Para
2.46 Import for export	
<p>I. (b) Goods, including capital goods (both new and second hand), may be imported for export provided:</p> <p>iii. Export is against freely convertible currency.</p> <p>II. (a) Goods imported against payment in freely convertible currency would be permitted for export only against payment in freely convertible currency, unless otherwise notified by the DGFT.</p>	<p>I. (b) Goods, including capital goods (both new and second hand), may be imported for export provided:</p> <p>iii. Export is against freely convertible currency or as per 2.52 (d) (ii) of FTP.</p> <p>II. (a) Goods imported against payment in freely convertible currency would be permitted for export only against payment in freely convertible currency, unless otherwise notified by the DGFT. <u>Goods imported under Para 2.52 (d) (i) would be permitted for export only against payments as per Pars 2.52 (d) (ii), unless otherwise notified by the DGFT.</u></p>
2.53 Export to Iran – Realizations in Indian Rupee to be eligible for FTP benefits / incentives	2.53 Applicability of FTP Schemes for Export Realization in Indian Rupees
Notwithstanding the provisions contained in para 2.52 (a) above, export proceeds realized in Indian Rupees against exports to Iran are permitted to avail export benefits / incentives under the Foreign	(i) Export proceeds realized in Indian Rupees against exports to Iran are permitted to avail export benefits / fulfillment of Export Obligation under the Foreign Trade Policy (2015-20), at par with

Trade Policy (2015-20), at par with export proceeds realized in freely convertible currency.	export proceeds realized in freely convertible currency, subject to compliance of para 2.18 of the FTP. <u>(ii) Export proceeds realized in Indian Rupees as per para 2.52 (d) (ii) are permitted to avail export benefits / fulfillment of Export Obligations under the Foreign Trade Policy (2015-20).</u>
3.20 Status holder	
(b) All exporters of goods, service and technology having an import – export code (IEC) number shall be eligible for recognition as a status holder. Status recognition will depend on export performance. An applicant shall be categorized as status holder on achieving export performance during the current and previous three financial years (for Gems & Jewellery Sector, the performance during the current and previous two financial years shall be considered for recognition as status holder), as indicated in paragraph 3.21 of Foreign Trade Policy. The export performance will be counted on the basis of FOB of export earning in freely convertible foreign currencies.	(b) All exporters of goods, service and technology having an import – export code (IEC) number shall be eligible for recognition as a status holder. Status recognition will depend on export performance. An applicant shall be categorized as status holder on achieving export performance during the current and previous three financial years (for Gems & Jewellery Sector, the performance during the current and previous two financial years shall be considered for recognition as status holder), as indicated in paragraph 3.21 of Foreign Trade Policy. The export performance will be counted on the basis of FOB of export earning in freely convertible foreign currencies <u>or in Indian Rupees as per para 2.53 of the FTP.</u>
4.21 Currency for Realization of Export Proceeds	
(i) Export proceeds shall be realized in freely convertible currency except otherwise specified. Provisions regarding realization and non-realization of export proceeds are given in paragraph 2.52, 2.53 and 2.54 of FTP	(i) Export proceeds shall be realized in freely convertible currency <u>or in Indian Rupee as per para 2.53 of FTP, except otherwise specified.</u> Provisions regarding realization and non-realization of export proceeds are given in paragraph 2.52, 2.53 and 2.54 of FTP

7. The DGFT has also issued Public Notice No 35/2015-20 dated 09.11.2022 prescribes amendments in para 5.11 of the HBP in sync with RBI A.P.(DIR Series) Circular No.10 dated 11th July, 2022. The salient features of the amendments in Public Notice are as follows:

Existing Para	Revised Para
5.11 Realization of Export Proceeds	
<p>Export proceeds shall be realized in freely convertible currency except for deemed exports supplies under Chapter 7. Exports to SEZ units / Supplies to developers /Co-developers irrespective of currency of realization would also be counted for discharge of Export Obligation. Realization in case of supplies to SEZ units shall be from foreign currency account of the SEZ unit.</p>	<p>Export proceeds shall be realized in freely convertible currency <u>or in Indian Rupees as per para 2.53 of FTP,</u> except for deemed exports supplies under Chapter 7. Exports to SEZ units / Supplies to developers / Co-developers irrespective of currency of realization would also be counted for discharge of Export Obligation. Realization in case of supplies to SEZ units shall be from foreign currency account of the SEZ unit.</p>

8. AEPC's Circulars are available on AEPC's Website www.aepcindia.com

9. This is for your information please.

With warm regards,

Yours sincerely,

Dr. L. B. Singhal,
Secretary General

Enclosure: [As above](#).