



**POLICY ON HANDLING OF IMPORT, EXPORT,
MERCHANTING TRADE TRANSACTIONS AND
REMITTANCES**

1. INTRODUCTION AND OBJECTIVE

1.1 Preamble

The Bank is authorised by the Reserve Bank of India (RBI) as an Authorised Dealer Category-I (AD Category-I) bank under the Foreign Exchange Management Act, 1999 (FEMA). In this capacity, the Bank facilitates the import and export of goods and services by providing foreign exchange, trade finance and remittance services to importers, while ensuring adherence to applicable laws, regulations and internationally accepted banking practices.

Import and export transactions carry a wide range of risks, including operational, regulatory, legal, financial, sanctions-related, compliance and reputational risks. The Bank shall accordingly maintain a comprehensive and robust policy framework to ensure that all import transactions are processed in compliance with FEMA; the directions and guidelines issued by the RBI; the Foreign Trade Policy (FTP) issued by the Directorate General of Foreign Trade (DGFT); the applicable rules and practices issued by the International Chamber of Commerce (ICC); and the Bank's internal risk management, compliance and governance frameworks.

This Policy sets out the principles, standards and controls governing the handling, financing, monitoring, reporting and closure of import and export transactions undertaken through the Bank.

The provisions of this Policy shall be read together with the applicable regulatory guidelines, circulars and instructions issued from time to time by the RBI, DGFT, the Government of India and other competent authorities.

Any new Regulatory guideline issued during the Policy's validity/tenure will automatically be deemed part of the Policy until such guidelines are formally incorporated in the next review.

1.2 Purpose

The purpose of this Policy is to establish a comprehensive framework for the processing, financing, monitoring, control, and reporting of import and export transactions, ensuring compliance with FEMA, RBI regulations, Foreign Trade Policy, sanctions requirements, and the Bank's risk management standards, while facilitating legitimate international trade in a safe, efficient, transparent, and customer-centric manner.

1.3 Scope

- This Policy shall apply to all branches, trade-processing units, centralised processing centres, treasury/operations units and other functions of the Bank handling export, import and MTT transactions.
- It shall cover transactions in goods, services and software, project exports, export/import advances, third-party receipts/payments, set-off, reduction/non-realisation, delayed import payments, import advances, factoring, INR trade settlement and MTT, as applicable.

- It shall cover the associated reporting, monitoring, reconciliation and closure of EDPMS/IDPMS entries.
- Where another law, regulation, RBI/DGFT instruction, sanctions requirement or court/authority direction imposes a stricter requirement, the stricter applicable requirement shall prevail.

1.3 Policy Statement

The Bank shall conduct its import and export business in a manner that balances customer service, business growth, regulatory compliance, prudent risk management and sound governance, while facilitating legitimate international trade and protecting the Bank's interests against the misuse of the payment system for capital flight, trade-based money laundering or fictitious imports.

1.4 Policy Principles

The Bank shall be guided by the following principles in the conduct of its trade finance and foreign exchange business relating to import and export transactions:

- I. Risk-Based Due Diligence: The level of due diligence, documentation, scrutiny, and monitoring shall be commensurate with the risk profile of the customer, counterparty, country, product, commodity, service, transaction value, tenor, transaction structure, delivery channel, and other relevant risk indicators.
- II. Regulatory Compliance: All trade transactions shall be processed only when permissible under the Foreign Exchange Management Act, 1999 (FEMA), regulations, directions and guidelines issued by the Reserve Bank of India (RBI), the Foreign Trade Policy (FTP), Directorate General of Foreign Trade (DGFT) requirements, sanctions regulations, and other applicable laws and regulatory requirements.
- III. Verification of Genuineness of Transactions: The Bank shall take reasonable measures to satisfy itself regarding the genuineness and bona fide nature of the underlying trade transaction before permitting any receipt, payment, financing, settlement, or closure/update of transactions in EDPMS, IDPMS, or any other prescribed regulatory platform.
- IV. Customer Transparency and Fair Treatment: Customers shall be informed, through appropriate channels, of applicable documentation requirements, timelines, charges, terms and conditions, approval authorities, and grievance redressal and escalation mechanisms in accordance with applicable regulatory requirements and the Bank's customer service standards.
- V. Consistency and Fairness: Similar transactions shall be processed and administered consistently across the Bank, subject to documented risk-based decisions, regulatory requirements, and approved exceptions.
- VI. Strong Internal Controls: Appropriate controls, maker-checker mechanisms, approval hierarchies, segregation of duties, and monitoring processes shall be maintained to mitigate operational, financial, compliance, fraud, sanctions, and reputational risks.
- VII. Auditability and Record Retention: All requests, documents, declarations, approvals, exceptions, communications, investigations, system-generated records, and transaction-related data shall be maintained in accordance with applicable regulatory requirements and the Bank's record retention policy to ensure a complete audit trail. However, in respect of cases which are under investigation

by investigating agencies, documents, and/or data, process may be destroyed only after obtaining clearance from the investigating agency concerned.

- VIII. Digitisation and Paperless Processing: The Bank shall promote digital submission, electronic documentation, straight-through processing, and paperless workflows, subject to applicable legal requirements, technology standards, authentication controls, cybersecurity safeguards, and record-retention requirements.

1.5 Governance and Responsibilities

Function	Principal responsibility
Board of the directors	Approve the Policy
Compliance / Legal	Advise on regulatory interpretation, material exceptions, sanctions and legal issues.
Credit / Risk	Assess counterparty/customer risk and approve transactions where credit/risk thresholds are triggered.
AML/KYC / Sanctions	Conduct customer and counterparty due diligence and transaction screening as applicable.
IBD	Setting up of operational policy, ensuring regulatory compliance, monitoring performance of FXCPC, guiding branches on trade service delivery.
FXCPC	Process transactions, obtain prescribed documents, perform checks, update EDPMS/IDPMS and maintain records.
Branches	Obtain complete requests and customer declarations and ensure timely escalation of exceptions.

2. EXPORT TRANSACTIONS

2.1 Declaration of Export Transactions

All export transactions shall be declared and processed in accordance with applicable laws, regulations, and regulatory directions governing exports of goods, services, and software.

For exports through customs electronic systems, export declarations shall be submitted in the manner prescribed by the relevant authorities. For exports of services and software, exporters shall furnish the prescribed declarations and supporting information as required under applicable regulations.

The Bank shall obtain such information, declarations, and supporting documents as it considers necessary to verify the bonafides nature of the export transaction and to comply with applicable legal, regulatory, and risk management requirements.

The Bank reserves the right to seek additional information or documents, where considered necessary, to satisfy itself regarding the genuineness of the transaction and compliance with applicable requirements.

2.2 Export Realisation and Repatriation

Customers shall ensure that export proceeds are realised and repatriated in accordance with applicable regulatory requirements. The Bank may seek such information and documents as it considers necessary for regulatory compliance and may consider requests for extension, wherever permitted under applicable regulations.

2.3 Reduction, Under-realisation or Non-realisation of Export Proceeds

Requests for reduction, write-off, under-realisation, or non-realisation of export proceeds may be considered by the Bank in accordance with applicable regulatory requirements. The Bank may require customers to provide such information and supporting documents as may be necessary for processing and evaluating the request.

2.4 Set-off

The Bank may permit set-off of export receivables against import payables, subject to compliance with applicable regulatory requirements and satisfactory evidence of the underlying transactions.

2.5 Third-Party Receipts and Payments

Third-party receipts and payments may be permitted by the Bank, subject to applicable regulatory requirements and satisfactory evidence of the underlying transaction.

2.6 Export Advances

The Bank may receive and process export advances in accordance with applicable laws, regulations, and regulatory directions. Customers shall comply with the terms governing utilisation, shipment, adjustment, refund, and reporting of such advances, as applicable.

3. IMPORT TRANSACTIONS

3.1 Import Payments

The Bank shall process the import payments, subject to compliance with applicable regulatory requirements and satisfactory evidence of the underlying import transaction.

3.2 Extension of Import Payment

Requests for extension of import payment timelines may be considered by the Bank, subject to applicable regulatory requirements and satisfactory justification for the delay.

3.3 Advance Import Payments

Advance import payments may be permitted by the Bank, subject to applicable regulatory requirements and the Bank's assessment of the underlying transaction and associated risks.

3.4 Imports Not Materialised

Where an import transaction does not materialise following an advance payment, the customer shall ensure compliance with applicable regulatory requirements and provide such information or documents as may be required by the Bank.

4. Project Exports

Project export transactions may be undertaken through the Bank in accordance with applicable laws, regulations, and regulatory directions. The Bank may require customers to provide such information and documentation as it considers necessary to establish the bona fide nature of the project and the underlying contractual arrangements.

The Bank may process receipts, payments, and related transactions pertaining to project exports based on the terms of the underlying contract and applicable regulatory requirements.

5. Merchanting Trade Transactions

Merchanting Trade Transactions may be undertaken through the Bank in accordance with applicable laws, regulations, and regulatory directions. The Bank may require such information and documentation as it considers necessary to establish the bona fide nature of the underlying transactions and ensure compliance with applicable requirements.

6. International Trade Settlement in Indian Rupees (INR)

The Bank may facilitate import and export transactions denominated and settled in Indian Rupees (INR) in accordance with applicable laws, regulations, regulatory directions, and guidelines issued by the Reserve Bank of India from time to time.

Customers shall provide such information and supporting documents as may be required by the Bank to establish the bona fide nature of the underlying trade transaction and ensure compliance with applicable requirements.

7. EDPMS / IDPMS and Regulatory Reporting

The Bank shall comply with applicable regulatory requirements relating to the reporting, monitoring, reconciliation, and closure of trade transactions through EDPMS, IDPMS, and other regulatory systems, as applicable.

Customers shall provide such information, declarations, and supporting documents as may be required by the Bank to facilitate regulatory reporting and compliance.

The Bank may monitor outstanding trade transactions and seek clarification or supporting information wherever necessary to ensure compliance with applicable laws, regulations, and regulatory directions.

8. Remittance Facilities for Resident Individuals

The Bank offers outward remittance facilities to resident individuals in accordance with the Foreign Exchange Management Act (FEMA), regulations issued by the Reserve Bank of India (RBI), and other applicable laws.

Resident individuals may remit funds outside India for a variety of permitted purposes such as education, travel, medical treatment, maintenance of relatives abroad, gifts, investments, and acquisition of overseas assets, subject to the regulatory limits and conditions applicable from time to time.

8.1 Liberalised Remittance Scheme (LRS)

Under the Liberalised Remittance Scheme (LRS), resident individuals are permitted to remit up to **USD 250,000 per financial year** (April to March) for permissible current account and capital account transactions.

The limit is applicable on a per-individual basis and includes all eligible foreign exchange transactions undertaken through authorised channels during the financial year. The facility is available only to resident individuals, including minors through their natural guardian. The scheme is not available to corporates, partnership firms, trusts, Hindu Undivided Families (HUFs), or other entities.

Remittances beyond the prescribed limit may require approvals from the appropriate regulatory authorities, wherever applicable.

8.2 Permitted Purposes under LRS

Subject to applicable regulations, remittances may be made for the following purposes:

Travel Abroad

Foreign exchange may be availed for:

- Private visits
- Tourism
- Business travel
- Conferences, seminars, and training programmes
- Employment-related travel
- Emigration-related expenses

Travel-related expenses may include accommodation, transportation, tour arrangements, and other legitimate expenses connected with overseas travel.

Overseas Education

Funds may be remitted for:

- Tuition fees
- Living expenses
- Accommodation expenses
- Examination and related academic charges
- Other expenses associated with pursuing studies abroad

Medical Treatment Abroad

Foreign exchange may be remitted for medical treatment, hospitalization, medical consultations, and related expenses incurred outside India. Remittances may also be permitted for accompanying attendants, subject to applicable regulations.

Employment and Emigration

Residents travelling abroad for employment or permanent relocation may remit funds for visa fees, immigration-related expenses, initial settlement expenses, and other permitted purposes connected with employment or emigration.

Gifts and Donations

Resident individuals may remit gifts and donations to persons or organisations outside India, subject to applicable regulatory requirements.

Maintenance of Relatives Abroad

Remittances may be made towards maintenance and support of close relatives residing outside India in accordance with applicable regulations.

8.3 Overseas Investments and Acquisition of Assets

Subject to prevailing regulations, resident individuals may use the LRS facility for:

- Investment in overseas listed securities
- Investment in mutual funds, exchange traded funds (ETFs), and other permitted financial instruments
- Acquisition of immovable property outside India
- Opening and maintaining foreign currency accounts abroad
- Other permissible overseas investments

Such investments shall be subject to the applicable foreign exchange regulations and any conditions prescribed by regulatory authorities from time to time.

8.4 International Financial Services Centre (IFSC) Transactions

Resident individuals may remit funds to eligible accounts maintained within International Financial Services Centres (IFSCs) in India for availing permitted financial products and investment opportunities available under the applicable regulatory framework.

All such transactions shall remain subject to the overall LRS limit and prevailing regulatory requirements.

8.5 Transactions Not Permitted

Remittances shall not be permitted for purposes prohibited under applicable laws and regulations.

These include, among others:

- Transactions involving prohibited or restricted activities
- Remittances for margin trading or margin calls overseas
- Trading in foreign exchange outside India where not permitted
- Transactions involving restricted persons, entities, or jurisdictions
- Any purpose prohibited under FEMA, RBI directions, or other applicable laws

The Bank reserves the right to decline any transaction that does not meet applicable legal, regulatory, or compliance requirements.

8.6 Tax Collection at Source (TCS)

Certain foreign remittances may be subject to **Tax Collected at Source (TCS)** under the provisions of the Income-tax Act, 1961.

The applicable TCS rate, threshold, exemptions, and reporting requirements are governed by prevailing tax laws and may change from time to time. Customers are advised to refer to current tax regulations for guidance regarding the tax implications of remittances.

8.7 International Card Usage

International Debit Cards, Credit Cards, and other approved payment instruments may be used for permissible overseas transactions, subject to applicable laws and regulatory guidelines. Customers must ensure that card usage is restricted to legitimate and permissible transactions. Transactions prohibited under applicable foreign exchange regulations will be declined.

9. Inward Remittances

The Bank facilitates receipt of funds from overseas through approved remittance channels.

Inward remittances may be received for various personal purposes including:

- Family maintenance
- Gifts
- Salary and pension receipts
- Educational support
- Other legitimate personal remittances

Funds received from abroad may be credited to eligible resident or non-resident accounts maintained with the Bank, subject to applicable laws and regulations. The Bank offers inward remittance facilities for customers maintaining eligible non-resident accounts such as:

- Non-Resident External (NRE) Accounts
- Non-Resident Ordinary (NRO) Accounts
- Foreign Currency Non-Resident [FCNR(B)] Accounts

Credits to such accounts shall be governed by the applicable regulatory framework relating to non-resident banking facilities.

Customers are required to ensure that the remittances are made for lawful and permissible purposes, providing complete and accurate information relating to the transaction, complying with applicable tax laws and reporting obligations and furnishing documents and declarations as may be required for processing the transaction.

All inward and outward remittances are subject to:

- Foreign Exchange Management Act (FEMA)
- Directions and regulations issued by the Reserve Bank of India
- Applicable tax laws
- Anti-money laundering and sanctions regulations
- Any other applicable laws and regulatory requirements

The Bank may seek additional information, request supporting documents, defer processing, or decline transactions where required under applicable regulations.

11. Foreign Direct Investment (FDI) and Overseas Investments (ODI):

The Bank facilitates eligible foreign exchange transactions relating to investments in accordance with applicable regulations. Foreign Direct Investment (FDI) into India may be undertaken by eligible non-resident investors in permitted sectors, subject to the prevailing regulatory framework.

Resident individuals may undertake eligible overseas investments, including Overseas Direct Investment (ODI) and Overseas Portfolio Investment (OPI), acquisition of assets outside India, opening of foreign currency accounts, and other permitted capital account transactions, within the prescribed limits and conditions. All such transactions are subject to applicable laws, regulatory requirements, eligibility criteria, and documentation requirements as prescribed from time to time.

12. Escalation and Grievance Redressal

Escalation of complaints and grievance redressal shall be facilitated through the following channels.

Level	Responsible Authority	Response time	Mode
Level - 1	Chief Manager Remittance Cell	3 Working Days	Email: forexhub@indianbank.bank.in ; mumrpc@indianbank.bank.in
Level - 2	FXCPC Head	5 Working Days	Email: forexhub@indianbank.bank.in ; mumrpc@indianbank.bank.in
Level - 3	DGM (IBD)	7 Working Days	Email: hoid@indianbank.bank.in
Level - 4	GM (IBD)	7 Working Days	Email: hoid@indianbank.bank.in

13. Charges

The charges applicable under this policy shall be as per the Bank's Schedule of Charges prevailing from time to time. The latest Schedule of Charges is available on the Bank's website.

14. Exceptions and Regulatory Compliance

The Bank may consider requests for exceptions or relaxations only to the extent permitted under applicable laws, regulations, and regulatory directions.

Any transaction involving regulatory, compliance, sanctions, anti-money laundering, fraud, or other material risks may be subject to enhanced scrutiny and the submission of additional information or documentation.

The Bank reserves the right to decline, restrict, or impose conditions on any transaction where it is not satisfied regarding the bona fide nature of the transaction or compliance with applicable requirements.

15. Monitoring and Review

The Bank shall maintain appropriate monitoring and oversight mechanisms to ensure compliance with applicable laws, regulations, regulatory directions, and the provisions of this Policy.

The Bank may review trade transactions, exceptions, outstanding obligations, customer complaints, and other matters relevant to regulatory compliance and risk management.

This Policy shall be reviewed periodically and may be amended, modified, or updated as considered necessary to reflect changes in applicable laws, regulations, regulatory requirements, business practices, or the Bank's risk management framework.

Any matter not specifically covered under FEMA, RBI Master Directions, or this Policy shall be decided by the General Manager (International Banking Department) on a case-to-case basis,

16. Record Retention

The Bank shall maintain records relating to trade finance and foreign exchange transactions in accordance with applicable laws, regulations, and regulatory directions.

Records shall be retained for the period prescribed under applicable legal and regulatory requirements and as per the Bank's record retention policy. Such records shall be made available, where required, for audit, inspection, regulatory review, or other lawful purposes.