



A.P. (DIR Series) Circular No.

Date of Issue

To

All Category - I Authorised Dealer banks

Madam/Sir,

Processing and settlement of small value Export and Import related payments facilitated by Online Export-Import Facilitators (OEIF) (erstwhile OPGSP)

Attention of Authorised Dealer Category-I (AD) banks is invited to the [A. P. \(DIR Series\) Circular No. 17 dated November 16, 2010](#), [A.P. \(DIR Series\) Circular No. 109 dated June 11, 2013](#) read with [A.P. \(DIR Series\) Circular No.16 dated September 24, 2015](#) in terms of which AD banks have been permitted to offer the facility of processing and settlement of import and export related remittances by entering intostanding contract with Online Payment Gateway Service Providers (OPGSPs) in respect of export of goods and services as well as import of goods and software.

2. With development in the ecosystem for ecommerce and the feedback received from banks and other stakeholders, on a comprehensive review, the extant guidelines are modified to further simplify and rationalize the process for settlement of payment for export and import through e-commerce. Accordingly, revised guidelines are being issued in supersession of the A.P. (DIR Series) Circulars indicated at para 1 above.

3. Definitions

3.1 e-commerce means buying and selling of goods and services, including digital products, conducted over digital and electronic network. For the purposes of Merchandise Exports from India Scheme (MEIS) e – commerce shall mean the export of goods hosted on a website accessible through the internet to a purchaser. While the dispatch of goods shall be made through courier or postal

mode, as specified under the MEIS, the payment for goods purchased on e-commerce platform shall be in terms of extant guidelines under FEMA, 1999.

- 3.2 Online Export-Import Facilitators (OEIF) earlier referred to as Online Payment Gateway Service Providers (OPGSPs) are Payment Aggregator (PA) or Payment Gateway (PG) that facilitate on-line remittances for small value export and import of goods and digital products through e-commerce taking place in compliance with instructions given in this circular.
- 3.3 OEIFs may act as Payment Aggregator (PA) or Payment Gateway, or both, as the case may be, in their contract with AD bank.
- 3.4 Payment Aggregator (PA) or Payment Gateway (PG) are entities as defined in Department of Payment and Settlement System (DPSS) [circulars dated March 17, 2020](#) and [March 31, 2021](#) on “Guidelines on Regulation of Payment Aggregators and Payment Gateways” issued under Payment and Settlement Systems Act, 2007 (Act 51 of 2007). In case of export transactions, the OEIF shall be acting as Payment Gateways and for import transactions it shall be acting as Payment Aggregators in terms of the extant guidelines issued by DPSS.
- 3.5 Import Collection Account is an account opened by an OEIF with an AD bank in India, for collection of payments for imports as an internal account of the AD bank.
- 3.6 Export Collection Account is an account opened by an OEIF with an AD bank in India, for receipt of payments for exports as an internal account of the AD bank.
- 3.7 Nodal account is an intermediary account of the OEIF maintained either with the AD bank in contract with, or with any other AD bank in India to route of funds from importer to import collection account of OEIF.
- 3.8 AD banks may enter into a contract with OEIF for enabling online payment for export and import of goods and digital products through e-commerce in terms of the Foreign Trade Policy notified by Central Government, under Section 5 of the Foreign Trade (Development & Regulation) Act, 1992.
- 3.9 The entity acting as OEIF can be from India or a foreign entity. Foreign entities, desirous of operating as OEIF shall open an office in India before operationalizing the contract with any AD bank.
- 3.10 An OEIF facilitating import transactions would be acting as a PA. OEIF shall be

a company in India established under Indian Companies Act, 2013. It shall also be required to take authorization under PSS Act 2007.

- 3.11 In case of export transactions, the OEIF shall be acting as a Payment Gateway and shall comply with the baseline technology related recommendations as given in Annex-2 of the DPSS circular as amended from time to time.
- 3.12 Under the contract between OEIF and the AD bank, the entire work related to handling of funds shall be undertaken by the AD bank.
- 3.13 Existing OEIFs having contract with AD banks shall apply for required authorization from DPSS in terms of the extant guidelines within a period of 90 days from the date of issuance of this circular. They may, however, continue to operate under the existing framework and guidelines under FEMA, till disposal of the application by DPSS.

4. Import Transactions

- 4.1 The facility shall be available for online import of goods and digital products (as permitted in the extant Foreign Trade Policy) of value not exceeding USD 3,000 (US Dollar Three Thousand) only.
- 4.2 Collection of payment from importer in India shall only be through online payment mode using credit card, debit card, UPI, net banking or any other online payment methods as specified in Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2016 issued vide [FEMA 14\(R\)/2016-RB dated May 02, 2016](#) as amended from time to time.
- 4.3 Payment from importer in India shall be received in the nodal account of OEIF.
- 4.4 From the Nodal account of the OEIF, the funds shall flow into Import Collection Account of the OEIF with AD bank in India on near real time basis through a Straight Through Processing (STP) mechanism and must be completed on End-of-Day basis.
- 4.5 The total time taken for crediting the funds into overseas seller's account from the date of receipt of payment from importer in India shall be as per the period agreed between the overseas seller and OEIF.
- 4.6 The nodal account and import collection account should be operated to make
 - a) online payment for imports through e-commerce
 - b) to refund for such import transactions and

- c) statutory payments payable under law, bank charges and any other charges permitted as per the agreement between the overseas seller and OEIF.

5. **Export Transactions**

- 5.1 The facility shall only be available for export of goods and digital products (as permitted in the prevalent Foreign Trade Policy) of value not exceeding USD 15,000 (US Dollar Fifteen thousand) only.
- 5.2 AD banks providing such facilities shall open a Nostro Account or use their existing Nostro account for receipt of the export related payments through such contract. The time taken to credit the payment in the Nostro account of the AD bank once it is received from the overseas buyer shall be as per the agreement between the exporter in India and OEIF.
- 5.3 The balances held in the Nostro Account shall be repatriated to the Export Collection Account in India maintained with the same AD bank. The total time taken for crediting the funds into Exporter's account in India from the date of receipt of payment from the overseas buyer shall be as per the period agreed between the exporter and OEIF. However, within the overall defined/agreed time it shall be ensured the export proceeds are received in the exporter's account in any bank in India within five days from the date of credit in the Nostro Account of the AD bank.
- 5.4 The Export Collection Account under this arrangement shall be operated:
 - a. to realize export proceeds for online exports
 - b. to make refunds for such export transactions as per the policy;
 - c. to make statutory payments payable under law, bank charges and any other charges permitted as per the agreement.

6. **Roles and Responsibilities of AD bank of OEIF:** The AD bank of OEIF shall –

- 6.1 Carry out the due diligence on each OEIF and ensure that KYC/AML/CFT norms are adhered to and provide any information/documentary evidence in this regard as and when called for any regulatory compliance.
- 6.2 Maintain separate Export and Import Collection accounts in India for each OEIF, in case the OEIF is facilitating both export and import transactions.
- 6.3 Report to the Foreign Exchange Department, Central Office, RBI, Mumbai, the

details of each and every contract entered into with OEIF as and when entered into, in the manner as may be prescribed from time to time.

- 6.4 Ensure reporting of all transactions in FETERS with appropriate purpose code.
- 6.5 Share the details of inward remittance/other information available with the AD bank of the exporter for facilitating closure of entry in EDPMS pertaining to the exporter on timely basis.
- 6.6 Conduct the reconciliation and audit of the Import and Export Collection Accounts on monthly basis.

7. Roles and Responsibilities of OEIF: It shall be incumbent upon the OEIF to -

- 7.1 Obtain authorization from DPSS, RBI, if it is functioning as Payment Aggregator
- 7.2 Have a well-documented policy/agreement disclosing the duties/ responsibilities and rights of various stakeholders involved in the contract. A copy may be shared through the AD bank with RBI.
- 7.3 Have a policy in place for resolution of payment related disputes and complaints with specified timelines.
- 7.4 Ensure that the instructions regarding the timelines for routing the funds through Import/Export Collection Accounts, and permissible debits and credits are strictly adhered to.
- 7.5 Create a Reserve Fund in India for refund/s in case of disputes.
- 7.6 Complete and ensure proper due diligence and adherence to KYC/AML/ CFT norms as stipulated in the [Master Direction of KYC](#) issued by Reserve Bank of India before on-boarding merchants i.e. exporters from India as well as importers overseas and only bona fide transactions take place under this arrangement.
- 7.7 Provide the documents/information required, by the exporter/importer or the AD bank of the exporter/importer for closure of their corresponding entry in EDPMS/ IDPMS for the respective inward/outward remittance in compliance to extant guidelines.
- 7.8 Invoice raised and issued to importer in India shall indicate cost of tax, insurance, freight/delivery charges, etc. separately in terms of applicable statutory guidelines.
- 7.9 OEIF should clearly indicate before the purchase exact amount of permissible refund in terms of per the refund policy of OEIF and/or onboarded merchant/s.

- 7.10 In case goods purchased are found damaged and/or defective (discrepancies/ variations from description of the Goods) on delivery, the Indian buyer shall be appropriately compensated.
- 7.11 Risk Reserve Fund and/or Buyers' Protection Fund/insurance, or whatever name it is referred to, must be maintained adequately and appropriately to protect the Indian buyer.
- 7.12 OEIF must ensure that the Indian buyer is indemnified from all liabilities arising out of such cross-border import transaction prior to delivery of goods/digital products.
- 7.13 Write-off shall be permitted for exports/imports undertaken under these guidelines as per the extant [Master Direction – Export of Goods and Services](#)/[Master Direction – Import of Goods and Services](#). Write off, if any, shall be granted by AD banks based on documents as deemed appropriate.
8. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
9. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permission/approvals, if any, required under any other law.

Yours faithfully,
(Vivek Srivastava)
Chief General Manager