

April 05, 2007

To,

All Category – I Authorised Dealer Banks

Madam / Sir,

Export of Goods and Services
Refund of Export Proceeds - Liberalisation

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to paragraph D.2 of the Annexure to A. P. (DIR Series) Circular No.12 dated September 9, 2000, in terms of which refund of export proceeds may be allowed by AD Category - I banks provided such goods are re-imported into India on account of poor quality etc. and evidence of re-import has been submitted.

2. With a view to further liberalising the procedure, it has been decided that AD Category - I banks, through whom the export proceeds were originally realised, may henceforth, consider requests for refund of export proceeds of goods exported from India and being re-imported into India on account of poor quality. While permitting such transactions, AD Category - I banks are required to :

- i) exercise due diligence regarding the track record of the exporter;
- ii) verify the bonafides of the transactions;
- iii) obtain from the exporter a certificate issued by DGFT / Custom authorities that no incentives have been availed by the exporter against the relevant export or the proportionate incentives availed, if any, for the relevant export have been surrendered;
- iv) obtain an undertaking from the exporter that the goods will be re-imported within three months from the date of remittance; and
- v) ensure that all procedures as applicable to normal imports are adhered to.

3. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-In-Charge