



Key Highlights of Standard Operating Procedures for Trade Transactions

**A Customer Guide to Export, Import and Merchanting Trade
Transactions in line with
FEMA (Export and Import of Goods and Services) Regulation 2026**

Trade Services Customer Guide

Key requirements under FEMA 23R

Effective 1 October 2026

This guide explains the main documents, timelines and special requests for trade transactions handled by Federal Bank under the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, as amended. It helps customers submit complete requests and resolve outstanding transactions.

1 Before you submit a trade transaction

The Bank checks that the transaction is genuine and permissible and applies due diligence according to the customer, counterparty, country, goods or services, payment structure and applicable sanctions requirements.

Keep these essentials ready

- The Bank's application or written request, customer identification and authorised signatory details, and Importer Exporter Code (IEC) where applicable.
- Commercial invoice, proforma invoice, purchase order or contract, as appropriate to the transaction.
- Shipping, transport, Customs or service-delivery evidence, as applicable. Evidence not yet available for an advance must be submitted when the transaction is completed.
- Buyer, supplier, beneficiary and bank details, including country, currency, payment terms and purpose of the receipt or payment.
- Required licences, authorisations or approvals, and an explanation with supporting evidence for any delay, value difference, third-party arrangement or unusual transaction structure.

Your responsibilities

Provide complete and consistent information; comply with FEMA, the Foreign Trade Policy (FTP), DGFT, Customs, tax and other applicable requirements; and promptly inform the Bank of material changes. Disclose relevant overdue exports and unresolved import advances, including those handled through other Authorised Dealer (AD) banks.

Quote the correct transaction and remittance references so that the Bank can match receipts and payments and update the Export Data Processing and Monitoring System (EDPMS) or Import Data Processing and Monitoring System (IDPMS). Respond promptly to requests for information and retain supporting records.

Documentation is risk-based. The Bank may use simplified documentation where permitted and seek additional evidence where the nature or risk of the transaction requires it. Documents listed in this guide apply only where relevant to the request.

2 Exports and receipt of proceeds

Export declarations for goods

For exports through Electronic Data Interchange (EDI) ports, the Export Declaration Form (EDF) is deemed to be submitted through the shipping bill; a separate EDF is not required. Provide the commercial invoice and packing list, applicable transport document and transaction details needed by the Bank.

For non-EDI exports, submit the EDF to the specified authority at the time of export. The authority forwards the authenticated EDF to the AD bank. If it is not received, the Bank may seek an authenticated duplicate or certified copy. Submit other export documents promptly for processing and monitoring.

Export declarations for services and software

- Submit the EDF within 30 days from the end of the month in which the service invoice is raised. A single monthly EDF may cover multiple invoices and overseas recipients.
- For services other than software, Regulation 3(2)(b) also permits EDF submission on or before receipt of payment. This flexibility does not apply to software exports. Request an extension with reasons if the applicable submission period cannot be met.
- In the Domestic Tariff Area, the specified authority is the AD bank for non-software services, and the AD bank or Software Technology Parks of India (STPI) for software. For Special Economic Zone (SEZ) units, it is the Development Commissioner.
- Provide invoices and invoice-wise reconciliation for a consolidated EDF. Software invoices should describe the service and contain the applicable Service Accounting Code. Contracts, delivery evidence and STPI or SEZ records may be sought according to risk.

Realisation and repatriation timelines

Export category	Standard time limit
Goods other than overseas warehouse exports	9 months from shipment
Services including software	9 months from the invoice date
Goods exported to an overseas warehouse	9 months from sale of the goods from the warehouse
Exports invoiced and/or settled in INR	12 months from the corresponding shipment, invoice or warehouse-sale date
Project exports	As per the payment terms of the underlying contract

These are the periods under amended Regulation 5. The Bank may extend the applicable period on a reasoned request. Submit the export reference, outstanding amount, reason for delay, buyer correspondence and revised collection date. A late extension request is considered on its merits; approval is not automatic.

Credit and reconciliation

Provide remittance or credit details and the shipping bill, EDF or invoice reference. Once funds are received and verification is satisfactorily completed, the Bank's indicative service standard is credit on the same or next working day. The Bank simultaneously updates or closes EDPMS as applicable. Explain any excess receipt and provide instructions for its allocation or refund.

3 Common export requests

Declaration based closure up to INR 10 lakh

Where the full shipping bill value for goods, or invoice value for services, is up to INR 10 lakh or its foreign-currency equivalent, EDPMS closure may be based on the exporter's declaration of the amount realised, whether in full or otherwise. The threshold applies to each shipping bill or service invoice, not merely its unpaid balance.

Declarations may be submitted for individual entries or quarterly for bulk closure. Identify each shipping bill or invoice, declared value, amount and date realised, remittance reference and any shortfall. Reduction, including full non-realisation, for eligible entries may also be considered on declaration under Regulation 6. The Bank must approve and record the appropriate closure; the declaration does not itself close an entry.

Reduction or write off of export proceeds

For a discount, dispute, short receipt or non-realisation, state the original value, amount received, adjustment requested, reasons and recovery efforts. Provide evidence relevant to the reason, such as buyer correspondence, a settlement or credit note, liquidation certificate, court order, or insurance/ECGC settlement advice. The Bank assesses the request under its delegated powers and updates EDPMS after approval. Any separately applicable export-incentive or tax obligations must also be addressed.

Set off and third-party receipts

- Set-off may be permitted against import payables to the same overseas buyer or supplier, or their overseas group or associate companies, within the permitted export realisation period, including an approved extension. Provide both transaction references, amounts, reconciliation and evidence of the relationship where relevant.
- Third-party receipts require the Bank to be satisfied that the arrangement is genuine. Explain why the payer differs from the buyer and provide payer details and supporting contractual, assignment, group-company or other evidence. Disclose any difference between invoice and settlement currency.

Direct dispatch of export documents

For direct dispatch to the overseas buyer, provide a written request, export and shipment documents, contract or LC, dispatch evidence and details of the arrangements for realisation.

Export advances

Provide the contract or order, advance terms and shipment or service-delivery schedule, including for long-term advances. Route the advance and subsequent proceeds for the same transaction through the same AD bank; a change is permitted after intimation to both AD banks. Interest, if payable on the advance, must remain within the applicable trade-credit all-in-cost ceiling.

If the export cannot be completed, promptly approach the Bank with the reason, proposed revised schedule or refund arrangement. Where no export has occurred and refund is not possible, the Bank may consider a reasoned request for closure under Regulation 18(1)(i), supported by evidence. Closure is not automatic.

Unrealised exports and existing caution listing

If proceeds remain unrealised beyond one year from the due date or the Bank-approved extended due date, further exports to the specific overseas buyer responsible for those proceeds must be against full advance or an irrevocable Letter of Credit (LC). FEDAI has clarified that this restriction does not extend to other buyers. Changing the AD bank does not remove the unresolved obligation.

Provide evidence of receipt or an approved reduction/write-off and closure to regularise the outstanding. Separately, exporters on RBI's Caution List on 30 September 2026 remain governed by the relevant RBI order until removed from that list.

4 Imports and advance payments

Standard import payment

Submit the Bank's application-cum-declaration, commercial invoice, transport document and Bill of Entry (BoE) or other evidence of import, where available. Provide supplier and beneficiary details, the purpose of payment, and applicable tax, licence or approval documents. The contract or purchase order may be requested to establish commercial terms.

Import payment is due within the period specified in the underlying contract. Provide the contractual due date even where it is absent from the BoE data. Financing or deferred-payment arrangements must also comply with any separately applicable trade-credit or borrowing rules.

Advance payment for imports

- Provide the contract, purchase order or proforma invoice showing the advance terms, supplier and bank details, description and value, and expected shipment or performance schedule.
- The Bank may require a standby LC or guarantee under its approved thresholds and risk assessment. Gold and silver are subject to the specific restriction in section 5.
- Route the advance and subsequent payments for the same transaction through the same AD bank. A change is permitted after intimation to both AD banks, with information needed for reconciliation and monitoring.
- Submit evidence of import or service delivery when available and link it to the advance remittance. A supplier statement explaining an adjustment is not, by itself, proof that goods or services were received.

Evidence of import

For goods, provide the BoE or relevant Customs evidence, including applicable postal, courier or ex-bond documents. For software, data or other services, provide the invoice and appropriate delivery or completion evidence, such as an acceptance certificate, access or activation record, system record or other reliable confirmation. The evidence depends on the transaction.

Delayed payment or delayed import

For a payment extension, provide the transaction reference, original contractual due date, amount outstanding, reasons, supplier correspondence and revised payment date. For delayed shipment or performance against an advance, provide the revised schedule, contract amendment where applicable, and recovery or refund status. Extensions are subject to the Bank's assessment and delegated approval.

Interest on delayed import payments must not exceed the applicable trade-credit all-in-cost ceiling. Do not treat an extension of the payment or import period as automatic approval for a separate financing arrangement.

Where the import does not materialise

If the import cannot be completed within the contractual or Bank-extended period, the advance must be repatriated. Promptly provide the original remittance reference, supplier correspondence, cancellation and refund details, and evidence of recovery efforts. If repatriation is not possible, apply for closure under Regulation 18(1)(j) with the reasons and supporting evidence. The Bank may permit closure after satisfying itself of the genuineness of the request.

5 Special import arrangements

Unresolved advances and future import advances

Where an import advance remains unrepatriated after the contractual or Bank-extended period and the outstanding has not been regularised through permitted closure, Regulation 12(2) requires security for future import advances.

The security must be an unconditional, irrevocable standby LC or guarantee from an international bank of repute, or a guarantee from an AD bank in India backed by a counter-guarantee from an international bank of repute.

This requirement applies to future advance payments by the importer generally, not only to the supplier responsible for the earlier unresolved advance. It does not by itself prohibit non-advance imports. Disclose unresolved advances across AD banks; changing banks does not remove the requirement. Provide evidence of completed import, repatriation or approved closure to enable the Bank to confirm regularisation.

Declaration based closure up to INR 10 lakh

Where the full BoE value for goods, or invoice value for services, is up to INR 10 lakh or its foreign-currency equivalent, IDPMS closure may be based on the importer's declaration that payment has been made, whether in full or otherwise. The threshold applies to each BoE or service invoice, not merely the unpaid balance.

Declarations may be submitted individually or quarterly for bulk closure. Include the BoE or invoice reference, supplier, full value, amount and date paid, remittance reference and reason for any difference. This facility must not be treated as automatic closure of an advance for an import that never took place; such cases require examination under Regulation 18(1)(j).

Reduced value settlement

Where an import is settled for less than the recorded value, request IDPMS closure with the reason, supplier confirmation or settlement evidence, amount paid and relevant transaction references. The Bank may permit closure after satisfying itself of the genuineness of the reasons under Regulation 18(1)(k).

Gold and silver

Advance remittance for import of gold or silver is prohibited under Regulation 11, except where otherwise specifically permitted by the applicable Act, rules, regulations or directions. Establish the correct Customs classification, permitted import channel and eligibility before arranging the payment. Provide applicable licences or approvals and obtain clarification where classification is uncertain.

INR settlement and factoring

Export and import settlement in INR may be facilitated through permitted arrangements under RBI's applicable framework, including eligible Special Rupee Vostro Account arrangements. INR settlement does not remove documentation, due diligence or reporting requirements.

Export and import factoring requests are considered under the Bank's applicable product and credit policies. Provide the underlying invoices, assignment or factoring agreement, counterparty details, and recourse and settlement terms. Financing availability and regulatory closure are subject to the approved structure and applicable requirements.

6 Merchancing trade transactions

Scope and eligibility

Merchanting trade involves an Indian intermediary and shipment of goods between foreign countries without touching Indian ports, or shipment within one specific foreign country, subject to FTP paragraph 2.39 and RBI requirements. Goods or items in the CITES and SCOMET lists are excluded. Both the purchase and sale legs must be genuine, identifiable and supported by evidence.

Documents generally required

- Purchase contract or order with the overseas seller and sale contract or order with the overseas buyer.
- Purchase and sale invoices, and transport or other evidence of movement or delivery appropriate to the permitted overseas transaction.
- Goods description and classification, counterparties and their countries, bank details, and confirmation of eligibility under the applicable FTP requirements.
- Payment terms, dates, currencies and amounts for both legs, expected margin, and remittance references where a leg has already been settled.

Time limit and settlement

The period between outward and inward remittance, or vice versa, must not exceed six months, unless the Bank permits an extension on a reasoned request. This is the interval between the two remittance legs; the ordinary export realisation period should not be substituted for this MTT requirement.

Outward remittance must be to the overseas seller and inward remittance must be from the overseas buyer, unless the Bank permits a third-party arrangement after examining the reasons. Provide a written request, third-party details and evidence establishing the commercial basis or relationship before seeking such processing.

Quote a common MTT reference and provide details of both legs so that the Bank can reconcile the purchase, sale, receipts and payments and update or close the respective EDPMS and IDPMS entries.

Extensions and losses

For an extension, identify both legs, the first remittance date, existing due date, outstanding amount and revised date requested. Explain the delay and provide supporting contracts, shipping or delivery records, payment correspondence or dispute evidence, together with the current status of the goods and settlement.

Promptly disclose any loss, short receipt or low/nil margin. Provide purchase and sale values, associated costs, reasons, recovery efforts and relevant settlement, insurance or legal evidence. Any adjustment or closure is subject to the Bank's assessment and approval; an MTT loss does not create an automatic right to write-off.

Financing

Supplier's credit, buyer's credit or discounting may be considered only where permitted by the applicable financing framework and approved by the Bank. Provide the proposed tenor, costs, repayment source and underlying trade documents. MTT eligibility does not itself constitute financing approval.

7 Submission support and customer safeguards

Submit the request that matches the transaction

Approach your Federal Bank branch or designated trade-processing channel for the current form and checklist. State the transaction reference, amount, reason for the request, evidence enclosed and proposed action. Common requests include:

- Service EDF submission or extension; export realisation, import payment or MTT extension; and declaration-based closure of eligible export or import entries.
- Export reduction or write-off, reduced-value import settlement, set-off, third-party receipt or payment, and changes to the AD bank handling an advance.
- Export advance receipt, revised fulfilment or refund; closure of unfulfilled export or import advances; and MTT loss or shortfall regularisation.

Project exports and older transactions

For project exports, provide the contract or Letter of Award, project details and payment schedule before routing receipts or payments. Discuss proposed overseas accounts or investment of temporary project surpluses with the Bank for the applicable requirements.

From 1 October 2026, Regulation 20 empowers AD banks to handle earlier export, import and MTT matters which previously required RBI approval under the specified regulations and Master Directions. Submit the records for assessment. This does not automatically condone past contraventions or reset due dates.

Processing and approvals

Requests are assessed under the Bank's delegated powers. Additional evidence or higher approval may be required. Contact the branch or trade-processing channel for the applicable processing timeline. Regulatory deadlines continue to apply unless extended by the competent authority.

Charges

Service charges follow the published Schedule of Charges and must be reasonable and proportionate. Under Regulation 19(3), the Bank will not levy charges or penalties on exporters, importers or merchant traders for regulatory delays or violations. Any liabilities imposed by a competent authority remain unaffected.

[Federal Bank rates and charges](#)

Grievances and appeals

Contact your branch or use the Bank's grievance channel. Unresolved complaints may be escalated to the Nodal Officer and then the Principal Nodal Officer under the published procedure. Appeals against trade decisions are considered at a higher internal level under Regulation 19(2). Include the original request, decision and grounds for appeal.

[Federal Bank grievance redressal procedure](#)

Regulatory references and applicability

1. [RBI A P DIR Series Circular No 20 dated 16 January 2026](#)
2. [FEMA 23\(R\)/2026-RB as amended through 22 September 2026](#)

Applicable law and regulatory directions prevail over this summary. The Bank's current policy, forms, service standards and lawful charges apply. Regulatory closure does not waive loan repayment or other contractual liabilities. Requirements may change with subsequent amendments.