



# Foreign Exchange Dealers' Association of India

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**Circular Letter No.16/2016**

17<sup>th</sup> October 2016

To All Members of FEDAI

## **FAQs on EDPMS**

At the Managing Committee meeting held on 6<sup>th</sup> October 2016, it was informed as under:

### QUOTE

We convened an outreach programme on EDPMS on 22<sup>nd</sup> September 2016 in our office. Over 100 representatives from member banks participated. Mr. Deepak Kumar, General Manager and Mr Vivek Kumar, Assistant General Manager, from Reserve Bank of India addressed the participants. The queries and issues received from member banks were discussed and clarified by RBI officials. We forwarded to RBI, the FAQs prepared by us based on the deliberations. On receipt of RBI's suggestions, we will be circulating to our member banks. We place on record our sincere thanks and gratitude to the RBI officials for their guidance to our member banks in resolving the issues raised during the deliberations.

### UNQUOTE

We have now received the FAQs from Reserve Bank of India with their suggestions. The same is attached to this circular for the use of member banks.

Members are requested to circulate this information to their designated branches.

Yours faithfully,

CHIEF EXECUTIVE

Encl. : FAQ's

## **Inward Remittances – Reporting under EDPMS Frequently asked questions (FAQs) on EDPMS enhancements**

RBI has implemented the enhancements in the existing EDPMS system to ensure better handling of export data on June 20, 2016.

RBI Vide A.P. Dir. Circular No. 74 dated May 26, 2016 had advised A.D. Category – I banks to report all the inward remittances including advance as well as old outstanding inward remittances received for export of goods / software to EDPMS. The issue was discussed in the Outreach programme on EDPMS organized under auspice of FEDAI, wherein RBI officials clarified the process to representatives of various AD banks.

On the backdrop of this programme to give more clarity on the immediate implementation of enhanced EDPMS module, answers to some common/frequently asked questions have been devised in consultation with RBI. It may be noted that the answers in the FAQs are indicative in nature.

Q.1. Why enhancement to existing EDPMS is required?

Ans: The implementation of enhancement in the existing EDPMS is required to ensure better handling of export data.

Q.2. Which Inward Remittances are to be reported under the enhanced module?

Ans: Banks need to report all inward remittances under EDPMS received against export of goods/software. (Advance and Bill Settlement).

Q.3.What is the reporting mechanism under the enhanced module?

Ans: The reporting of the inward remittances would happen in the following manner,

- IRM reporting to EDPMS would be done by the bank, when the funds are credited to beneficiary exporter's account, either thru NOSTRO, VOSTRO or RTGS/NEFT.

Bank A receives Inward in FC and transfers the fund to Bank B in FC	Bank B to report the IRM.
Bank A receives Inward in FC and transfers the fund to Customer Account in Bank B in INR	Bank B to report IRM.
Vostro Payment: Bank A receives instruction to transfer INR to Customer with bank B account details.	Bank B to report to report IRM.

Q. 4. What are the responsibilities of Remittance converting and Remittance receiving banks?

Ans: Remittance Converting Bank –

- The remittance converting bank has to do due diligence for sender of the remittance before converting and remitting INR to beneficiary bank.

- While transferring funds through RTGS, it has to provide full details of Overseas Remitter, Purpose of Remittance, Currency & Amount of remittance, Name and Account number of beneficiary and instructions to comply FEMA 1999 provisions.
- Under RTGS - guidelines issued by RBI, DPSS for use of specific TAG for foreign inward remittance shall be used by all the banks.

#### Remittance Receiving Bank –

- To ensure that the funds are applied properly in line with the purpose.
- Report the inward remittance for export purpose as IRM to EDPMS, which would generate identifier Inward Remittance number with AD code.
- The unique IRM number to be utilised for settlement of shipping bills submitted with export documents by customer.
- Monitor that the export take place within stipulated timeframe if money is received as Advance Payment for export.

Q. 5. What is eFIRC as mentioned in AP Dir Circular?

Ans: The term is used to facilitate the adjustment of export documents handled by the bank (A) against the IRM reported by bank (B). There is no need to issue the same in physical form. For all practical purposes, the IRM unique number is the only source to adjust export documents.

Q. 6. How IRM would be utilised under EDPMS?

Ans: The IRM can be utilised by the bank against submission of export documents by the customer. The IRM can be utilised by various banks under the same number till the amount is exhausted.

Q. 7. What is the concept of multiple utilisation?

Ans: Under EDPMS, one single remittance can be used for multiple shipping bills or multiple remittances can be utilised against single shipping bills. This is possible with one bank or with multiple banks.

Q. 8. How the above referred concept of multiple utilisation is practically possible?

Ans: This can be explained with following different scenarios,  
IRM Number – IRM0000005678 for USD 100,000/- can be utilised as under,

#### **Scenario 1: Exporter advises bank to lodge the Inward as Advance.**

Bank IRM Reporting: Bank should report the IRM with Amount 100,000 to RBI as a single inward remittance and as and when the bills are submitted against the IRM bank should refer the IRM Number for Bill Settlement and IRM Utilization purpose. The unutilized IRM amount will be considered as Advance against Export

#### **Scenario 2: Exporter advises bank to realize the Inward against Bill/ Multiple Bills.**

Bank IRM Reporting: Bank will report the IRM with Amount 100,000 to EDPMS as a single inward remittance and report the single / Multiple Bill Settlement against the IRM.

**Scenario 3: Exporter advises bank to partially lodge as Advance (40000) and partially realize the Inward against Bill/ Multiple Bills (60000).**

Bank IRM Reporting: Bank will report the IRM with Amount 100,000 to EDPMS as a single inward remittance and report the single / Multiple Bill Settlement against the IRM for 60000, the unutilized IRM amount for 40000 will be considered as Advance against Export.

**Scenario 4: Exporter advises bank to partially lodge as Advance (20000), partially realize the Inward against Bill/ Multiple Bills (40000) and remaining 40000 as Non- Export.**

Bank IRM Reporting: Bank should report the IRM with Amount 40000 to EDPMS as a single inward remittance and report the single / Multiple Bill Settlement against the IRM and 20000 will be reported as advance. **Balance 40000 for non-export purpose will not be reported under EDPMS.**

Q. 9. How the remittances received prior to 08/06/2016 and documents submitted after the cut off date will be handled?

Ans: The documents submitted against the remittances received prior to 08/06/2016 should be handled under IRM mechanism after receipt of document evidencing inward remittance. Based on document evidencing inward remittance the bank settling the bill will create the IRM with the relevant details including date of receipt.

Q. 10. How banks can adjust the export documents against already issued physical FIRC's for remittances received prior to cut off date?

Ans: Though the FIRC's in physical form are issued prior to cut off date and export is done subsequently, the export shipping bills should be adjusted with IRM in EDPMS. On the basis of physical FIRC, bank settling the payment against shipping bill has to generate IRM number under EDPMS. For settlement of SB, reporting of IRM is mandatory in case the realisation date is on after June 20, 2016.

Q. 11. How banks are supposed to handle the old outstanding inward remittances?

Ans: All old outstanding Export Advance has to be captured under EDPMS. In case of export advance where export could not be completed within a year the AD bank has to give extension under EDPMS. In the process after June 2017 there will be no export advance outstanding. Bank must complete the process in coordination with their exporter.

Any further processing of export advance either for settlement of export against advance or refund of advance on approval of RBI will be done on the basis of EDPMS data.

As all export advance data will be available under EDPMS after June 2017 no separate reporting for export advance will be required.

Q. 12. How the delay in utilisation of advances beyond stipulated time to be handled?

Ans: The bank, which had credited export advance to the exporter's account and IRM was generated, is required to handle the export documents and in case of non-fulfilment of export commitment either fully or partially after a year, same bank has to give extension to IRM based on genuineness of the request.