

MEMORANDUM

PEM

**MEMORANDUM OF INSTRUCTIONS ON
PROJECT & SERVICE EXPORTS**

RESERVE BANK OF INDIA

July 2014

Preface

Regulations relating to 'Project Exports' and 'Service Exports' were issued in a booklet form in March 1994. Subsequently, an updated version was published in May 1997. With the introduction of Foreign Exchange Management Act, 1999 (42 of 1999), suitable changes were made in its provisions. Further, changes have been made in the instructions on Project Exports and Service Exports. The directions contained in this Memorandum of Instructions on Project and Service exports (PEM) have been issued under Section 10 (4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) .

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MEMORANDUM OF INSTRUCTIONS ON PROJECT EXPORTS AND SERVICE EXPORTS

Introduction

1. Export of engineering goods on deferred payment terms and execution of turnkey projects and civil construction contracts abroad are collectively referred to as 'Project Exports'. Project export contracts are generally of high value and exporters undertaking them are required to offer competitive credit terms to be able to secure orders from foreign buyers in the face of stiff international competition. Indian exporters offering deferred payment terms to overseas buyers in respect of export of goods and those who have been awarded turnkey, civil construction contracts by overseas parties have to secure prior approval at post award stage from Authorised Dealer / Exim Bank for credit terms to be offered, third country imports etc. Regulations relating to Project Exports and Service Exports are laid down in this Memorandum which is divided into the following parts:

PART A - General

PART B - Project Exports

PART C - Export of Services

PART D - Other matters connected with Project
Exports & Service Exports

Scope of Memorandum

2. (I) This memorandum contains directions to be observed by the exporters engaged in project exports and service exports as also Export Import Bank of India and authorised dealers while dealing with cases of project/service exports.

(ii) Directions contained in this Memorandum have been issued under Section 10(4) and Section 11(1) of Foreign Exchange Management Act, 1999 (42 of 1999).

PART A - GENERAL

A.1 Exporters who have secured orders for undertaking supply contracts on deferred payment terms, those who have secured turnkey/civil construction contracts abroad or for export of services in the area of management, technical consultancy, etc. where execution of the contracts involves grant of fund-based and/or non-fund-based facilities from the Indian banking system or where deferred payment terms are to be offered require approval from Authorised Dealer / Exim Bank.

Broad Criteria for consideration of Proposals

A.2 (i) Authorised Dealer / Exim Bank will mainly examine, among others, the following aspects while considering grant of package approval for proposals for export of engineering goods on deferred payment terms or for undertaking turnkey/construction contracts abroad:

- (a) Period of deferred credit offered vis-a-vis foreign competition, moratorium, rate of interest, adequacy of advance and down payment provided for as well as requirement of foreign exchange for execution of contract (viz. imports from third countries, agency commission, freight, etc.) and overall economics of the proposal.
- (b) Nature of security obtainable from the foreign buyers against payments due and nature and extent of various bonds/guarantees required to be offered by the exporter (including those for procuring third country supplies).
- (c) Nature of escalation, force majeure and arbitration clauses provided in the contract and penalty/damages payment provisions.
- (d) Extent of fund-based and non-fund-based facilities required in India including pre-shipment and post-shipment credit and/or bridge finance requirement.
- (e) In case of turnkey contracts, economic and technical viability thereof as well as special features relating to erection, supervision and commissioning of the contract.

(ii) As regards civil construction contracts, turnkey engineering contracts, process and engineering consultancy services and project construction items (excluding steel and cement), the Authorised Dealer / Exim Bank will consider proposals only from contractors who are on the approved list of Ministry of Commerce and Industry, Government of India in order to ensure that only contractors having the necessary competence and capability undertake overseas construction contracts. While considering proposals, Authorised Dealer / Exim

Bank will endeavour to promote, wherever possible, the idea of high value construction contracts being undertaken on a consortium basis. Apart from examination of special features relevant to the proposal under consideration and the factors enumerated in sub-paragraph (i) above, Authorised Dealer / Exim Bank will also take into account the following aspects while considering grant of package approval for construction contracts abroad:

- (a) Availability of infrastructural facilities in the importer country like transport, water, construction material, skilled/unskilled labour, etc. and nature of laws governing civil matters, labour usages, etc.
- (b) Estimated monthly/quarterly cash flows for the entire duration of the contract and arrangements between prime contractor and associate/sub-contractors for timely execution of the contract in case of consortium arrangement.
- (c) Whether the contract would need any bridge finance facility abroad to meet temporary cash flow deficits in working capital, if so, the manner of raising the bridge finance and its full repayment with interest.

(iii) In regard to service contracts, Authorised Dealer / Exim Bank will, inter alia, take into account relevant factors like size of the contract, nature of services to be rendered, overall economic condition of the importer country, extent of international competition and potential and prospects for further export of services, goods or turnkey projects from India.

(iv) Authorised Dealer / Exim Bank may suitably relax the above criteria at its discretion where warranted by merits of the proposal. While considering proposals, Authorised Dealer / Exim Bank may also make such suggestions or tender such advice as may be necessary to avoid inter se competition and to promote, as far as possible, exports in such a way that the foreign exchange benefit for the country is maximised.

Procedure for Clearance of Proposals

A.3 (i) Applications in the prescribed form are required to be submitted by the exporters sufficiently in advance to the Authorised Dealer / Exim Bank to enable it to consider the proposal and grant a package clearance to it.

(ii) Exporters desiring to submit bids for execution of projects abroad including service contracts will not be required to obtain clearance for submission of bids from Authorised Dealer / Exim Bank.

Declaration of the Exports and Handling of EDF/SDF

A.4 (i) The regulations notified under Notification No.FEMA 23/2000-RB dated 3rd May 2000 and the directions issued vide A.P. (DIR Series) Circular No. 12 dated 9th September 2000 relating to declaration of export of goods and other matters apply mutatis mutandis, to project exports. In order to facilitate maintenance of proper record of exports made on deferred payment terms, exporters should prominently superscribe both copies of relative EDF/SDF with the name of export contract for which supplies are being made and the number and date of the approval granted by the approving authority (viz. Authorised Dealer, Exim Bank) noted on the EDF/SDF in the space provided therefor. The duplicate copies of the forms should be retained by authorised dealers duly certified after realisation of the last instalment together with interest from overseas buyers. Similar procedure should be followed by sub-suppliers also while declaring their exports on EDF/SDF.

(ii) In connection with execution of projects, exporters may sometime be required to export 'consumables' such as tools, tackles, machinery spares etc. for which separate payments will not be made by the overseas buyers. Such consumables will have also to be declared on EDF/SDF in the same manner as exports of machinery, materials, etc. which are separately paid for. In such cases, authorised dealer may, on application, permit exporters to raise invoices against their own site offices abroad, send the shipping documents direct to those offices and realise the value due thereon in convenient instalments out of the progress payments for the contracts. The application to authorised dealer may be accompanied by a declaration by the exporter that the consumables are being exported for execution of the project export contract which has been approved by the authorised dealer / Exim Bank. The number and the date of approval for the project export contract granted by the approving authority may be indicated on EDF / SDF.

PART B - PROJECT EXPORTS

Extension of deferred payment Terms

B.1 Contracts for export of goods against payment to be received partly or fully beyond the period statutorily prescribed for realisation of export proceeds are treated as deferred payment exports. Ordinarily, contracts providing for deferred payment terms will be allowed only for export of engineering goods (capital goods and consumer durables). Turnkey projects involve rendering of services like designing, civil construction and erection and commissioning of plant / factory along with supply of machinery, equipment and materials. Execution of civil construction contracts abroad involves mainly erection and civil construction work and supply of construction materials and equipment going into the civil works. Payment in respect of goods supplied under both turnkey and civil construction contracts may be received on 'cash' basis but sometimes exporters are required to offer deferred payment terms in respect of such supplies depending on the nature and size of the project. The terms and conditions governing extension of deferred credit terms are set out in the following paragraphs.

Nature of Credit

B.2 Contracts for export of goods on deferred payment terms may be financed either under supplier's credit or buyer's credit. Under supplier's credit the exporter extends credit directly to the overseas buyer. Buyer's credits are credits extended to the foreign buyers by authorised dealers or financial institutions in India (including a consortium of authorised dealers or financial institutions in India) and the exporters realise the export value in Indian rupees from the institution/s concerned straightaway. As repayments under deferred payment arrangements are spread over a long period of time, exporters extending supplier's credit as well as those desiring to undertake exports to be financed under buyer's credit may seek the advice of Exim Bank or ECGC in regard to various risks inherent in extension of such long-term credits and ways and means of protecting themselves against these risks.

Eligible Goods

B.3 An illustrative List (in two parts, A and B) of engineering goods in respect of which commercial export credit may be offered by exporters to prospective buyers abroad is given in Annexure I. The list is subject to revision from time to time. Inclusion of goods in the lists does not imply that their exports may be made only on deferred payment terms. Exporters should always endeavour to secure the best

possible terms from their buyers so that foreign exchange accrues to the country as early as possible.

Period of Deferred Credit

B.4 The periods for which credit may be offered for export of goods, consumer durables, turnkey contracts and civil construction contracts will depend on merits of individual case and may be determined by the exporter and his banker in mutual consultation on the basis of commercial judgement. However, consumer durables and miscellaneous engineering goods (Part B of List) should ordinarily be exported on cash terms. Four major factors viz. anticipated life of the goods to be exported, extent of foreign competition, nature of the foreign market and the contract value constitute the criteria for determining the overall terms of credit.

Conditions necessary for Clearance of proposals by Authorised Dealers / Exim Bank

B.5 While it is not necessary for exporters to obtain prior approval for submission of bids/offers for execution of contracts, authorised dealer / Exim Bank should, while granting post-award clearance, ensure that the export proposals satisfy, inter-alia, the following conditions:

- (a) Moratorium or grace period applicable to repayment of principal (and not to payment of interest) should not exceed one year in respect of export of capital or producer goods. In the case of turnkey contracts, the moratorium should not exceed two years. No moratorium should be permitted in respect of export of consumer durables. Interest should be payable even during the period of moratorium.
- (b) In case of supply contracts, deferred receivables should be received in equal half-yearly instalments over the agreed period with relation to mean date of shipment (i.e. the date by which 50 per cent supplies in terms of value will be completed) or the date of respective shipment. In case of turnkey projects, instalments should be related to either date of contract or the mean date of shipment or commissioning as agreed upon between the parties.
- (c) The rate of interest on deferred receivables should be such that taking into account the cost of deferred credit in India the overall profitability is ensured.
- (d) Ordinarily, down payment together with advance payment or mobilisation advance should not be less than 15 per cent of the contract value. In exceptional cases, this may be reduced to 5 per cent of the contract value. In the case of civil construction contracts, it should not ordinarily be less than 5 per cent.
- (e) Down payments and deferred instalments receivable should be secured by a letter of credit/acceptable bank guarantee. In case the overseas importer/project authority is a Government department or a public sector

undertaking, a guarantee from the foreign Government and /or a promissory note from the foreign Government /public sector undertaking will suffice.

- (f) As far as possible, turnkey projects and civil construction contracts should be self-financing. However, bridge finance required for meeting temporary shortfalls in working capital should not normally exceed 25 per cent of the contract value. However, authorised dealer / Exim Bank may clear proposals involving bridge finance in excess of 25% of contract value also wherever they are satisfied that such finance is necessary.
- (g) Ordinarily, deferred payment terms in respect of the services segment of a turnkey contract may be offered only if the competitors of the exporter from other countries are known to have offered similar terms. In such cases, other terms for the deferred receivables towards services like period of credit, rate of interest and security should be the same as offered for the supply portion of the contract.

Note : Authorised dealer / Exim Bank may relax conditions at (d) and (e) above, if necessary, based on their commercial judgement.

B.6 Cases where exporters desire to offer, due to local conditions, commercial credit not exceeding one year in respect of goods specified in Annexure I may be considered by the authorised dealers / Exim Bank as per powers delegated to them.

Post-award Clearance of Proposals

B.7 (i) After entering into contract, the exporter should submit to his bankers an application in form DPX-1 (in respect of turnkey and deferred payment supply contracts) or in form PEX-1 (in respect of civil construction contracts), as the case may be, in six copies along with six copies of the contract. Authorised Dealers should deal expeditiously with all applications made by exporters in connection with project exports. In cases where the proposal is within the powers delegated to him, authorised dealer may grant post-award approval for the terms and conditions of the contract, provided the contract basically satisfies the conditions laid down in para B.5. Copies of the approval letter along with copies of the application and the contract may be forwarded by the authorised dealer to ECGC and Exim bank where their participatory interest by way of funded / non-funded facilities, insurance / risk cover, etc. is involved.

(ii) Authorised dealers / Exim Bank may grant post-award clearance to the project proposal without any monetary limit. If the authorised dealer desires participation of Exim Bank in the financial arrangements and /or guarantee facilities, concurrence of Exim Bank should be obtained before granting post award clearance. In case, the authorised dealer is unable for any reason to grant post award clearance, he should forward four copies of the application to Exim Bank for

consideration within two days indicating, inter alia, the extent upto which his bank would be prepared to take a share in the fund-based and /or non-fund based facilities required by the exporter for execution of the overseas contract. Exim Bank may also receive directly applications for project export proposals of the value without any limit , without being routed through an authorised dealer provided (a) all facilities required for execution of the project are being extended by Exim Bank, (b) Exim Bank makes necessary arrangement with an authorised dealer to handle exchange control matters like GR formality, etc. in connection with execution of the project and (c) Exim Bank monitors such projects cleared by them till their completion and ensures compliance with the requirements of completed projects as per paragraph B.10 of Memorandum PEM.

(iii) In all cases mentioned at (ii) above, authorised dealers/ Exim Bank have to consult ECGC in advance if counter-guarantees of the Corporation are required and/or insurance cover is desired to be obtained from it. In cases where ECGC agrees to extend counter-guarantees /insurance cover, the authorised dealer / Exim Bank should, while granting clearance, advise the exporter that they will become effective only after the guarantee commission/ deposit premium as prescribed by the Corporation is paid to it.

(iv) While according package approval, authorised dealers / Exim Bank should specifically indicate in the approval letter, the terms of clearance giving, inter alia, the break-up of contract value with details of Indian, third country and local supplies and services, payment terms, currency of payment, rate of agency commission, amount of overseas borrowings, funded and non-funded facilities with respective shares of different agencies therein, the value of plant, machinery, equipment etc. to be exported on reimport basis and the extent of ECGC cover guarantee.

(v) If there are any Indian sub-contractors, they should be advised by the prime contractor to submit similar applications to the bankers of the prime contractor for obtaining approval for the portion of the contract entrusted to each sub-contractor. The institution which will consider the application of the prime contractor at the post-award stage will also clear applications of all the sub-contractors.

(vi) Export of Goods (Pure Supply Contracts)

The procedure outlined in the preceding sub-paragraphs for post-award clearance will not apply to exports of goods (pure supply contracts) where at least 90% of the export value will be realised within the prescribed period i.e. six months from the date of export and the balance amount within a maximum period of two years from the

date of export, provided the exporter does not require/ avail of any funded or non-funded facility for such exports, from authorised dealers.

Appointment of Sub-contractors

B.8 In the case of large value contracts, applicant firms/companies normally take the assistance of other contractors. In such cases the applicant firm/company will be treated as the prime contractor while other contractors will be treated as sub-contractors. The prime contractor will be accountable to the various authorities in India for compliance with the requirements laid down by them and will at the same time be equally responsible to the overseas buyer for proper and timely completion of the contract. The prime contractor should accordingly enter into suitable inter se arrangement with the sub-contractors after satisfying himself about the capacity and competence of the latter. Credit reports on sub-contractors and confirmation of financial arrangement proposed to be made by them in respect of their portion of the contract should be obtained by the prime contractor from their bankers and furnished along with the application. Overseas financial requirements of the sub-contractors will have to be met by the prime contractor. Appointment of all sub-contractors and / or any subsequent change in sub-contractors will require prior clearance of the concerned approving authority.

Follow-up of Turnkey / Construction Contracts

B.9 Exporters and all their Indian sub-contractors executing turnkey contracts or civil construction contracts abroad should furnish progress reports in form DPX 2 on a half-yearly basis (June and December) to concerned approving authority viz. authorised dealer / Exim Bank, and to ECGC / Exim Bank in all cases where their risk / guarantee cover participation in the funded / non-funded facilities has been obtained. The final Report in Form DPX 2 should clearly indicate the fact of completion of the project and full compliance with the requirements relating to completed projects as laid down in paragraph B.10.

Requirements relating to Completed Projects

B.10 (i) Exporters executing turnkey/construction contracts abroad should take the following steps after completion of the contracts:

- (a) close the foreign currency accounts and transfer the balances to India;
- (b) wind up site and liaison offices opened abroad;
- (c) ensure that the guarantees for performance of the contract and other guarantees issued are cancelled and returned to exporters;

- (d) liquidate fully overseas borrowings/overdrafts obtained, if any and cancel counter-guarantees;
- (e) make suitable provision for payment of taxes, customs and other statutory obligations in the country of project;
- (f) dispose of the equipment, machinery, vehicles, etc. purchased abroad and/or to arrange their import into India. [In case the machinery etc. is to be used for another overseas project, the market value (not less than book value) should be recovered from the project to which equipment/machinery has been transferred]
- (g) recover funds, if any, transferred to other overseas project/s and repatriate them to India.

(ii) A report giving full account of the various steps taken should be sent by the exporter through his bankers to the concerned authorised dealer / Exim Bank as the case may be depending upon the authority, which had granted post-award approval for the project contract within one month from the completion of the project. Such report should also invariably be sent to Exim Bank / ECGC where their participation in funded / non-funded facilities, risk sharing is involved. The following documents should also be forwarded alongwith such report:

- (a) A completion or final handing over certificate
- (b) A certificate from the overseas bank regarding closure of the account held with it.
- (c) A statement of remittances made to India. Bank certificates about repatriation of funds to India should be enclosed.
- (d) Tax clearance certificate/No tax liability certificate about the overseas project.
- (e) Bills of Entry for re-import of machinery, etc.
- (f) Statements of income and expenditure and profit and loss account of the project duly certified by a Chartered Accountant/Project Manager.

Buyer's Credit Scheme of Exim Bank

B.11 (i) Buyer's credit is extended under a scheme by Exim Bank known as 'Buyer's Credit Scheme' which envisages grant of credit by Exim Bank in participation with commercial banks in India to foreign buyers in connection with export of capital goods and turnkey projects from India. The Scheme provides for payments being made to exporters out of buyer's credit on a non-recourse basis on their fulfilling the commercial terms of the export contracts to be financed under the Scheme. All offers for deferred payment exports or turnkey projects against buyer's

credit require specific prior approval of the Exim Bank. Exim Bank has been authorised to extend Buyer's Credit under the Scheme upto the limit of U.S. Dollar 20 Million. The procedure for clearance of proposals as set out in paragraph B.7 shall apply, mutatis mutandis, to such proposals. Exporters should not ordinarily negotiate with overseas buyer's credit terms requiring financing against buyer's credits without prior consultation with their bankers and Exim Bank. To assist Indian exporters in carrying out negotiations with importers, Exim Bank will be prepared to indicate its willingness, in principle, in suitable cases, to provide the credit. The following principal factors will weigh with Exim Bank while considering proposals under the Buyer's Credit Scheme:

- a) Competence and capability of the exporter in executing the proposed contract.
- b) Commercial justification for the contract
- c) Economic viability of the overseas project for which the credit is required to be offered.
- d) Creditworthiness, standing and financial position of foreign borrower and general economic conditions of buyer's country.

(ii) Since payments to exporters in India in respect of exports financed under buyer's credit will be made on behalf of non-resident buyers, permission of Reserve Bank under Regulation 3 of Notification No. FEMA 3/2000-RB dated 3rd May 2000 [Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000] should be obtained by banks in India before agreeing to extend buyer's credit to importers abroad. The necessary applications for the purpose should be made by authorised dealers to Reserve Bank in form DPX 4 after the proposal is cleared in principle. Where two or more authorised dealers are participating with Exim Bank, the application should be made by the principal participating bank (Process Agent). The banks are also required to comply with the instructions issued by Department of Banking Operations and Development, Reserve Bank of India in this regard from time to time.

(iii) Since exporter will be receiving payments for the goods and services on a non-recourse basis from the financing institutions in India, the exchange risk will fall on the institutions extending the credit. To meet the situation, the exporter will either have to provide in the contract itself for the exchange fluctuation risk to be borne by the importer or to bear the cost of the appropriate exchange risk cover to be taken by the financing institutions in India. It will, however, be the responsibility of the financing bank to receive the repayments of the loan and interest thereon from the overseas buyer. The lending institution (Process Agent in the case of consortium credits) should, therefore, take necessary steps to realise the instalments on due

dates. If for any reason, instalments are not received on due dates, the institution concerned should promptly bring the matter to the notice of Reserve Bank and Exim Bank indicating steps, if any, taken or proposed to be taken to recover the instalments.

PART C - EXPORT OF SERVICES

General

C.1 (i) Contracts for export of consultancy, technical and other services by Indian companies/firms generally fall in the following categories:

- (a) Preparation of project/feasibility reports, drawings, designs, etc.
- (b) Supply of technical know-how/engineering services in different fields.
- (c) Operation, maintenance and supervision of manufacturing plants, buildings and structures, etc.
- (d) Management contracts for commercial concerns.

Export of services may also involve supply of some associated mechanical wherewithals, consumables and spares e.g. contractors may generally have to procure tools and instruments for their own personnel for performing their jobs. They may sometimes be called upon to give performance guarantees but the scope of such guarantees would be limited to their own work, i.e. satisfactory performance of the personnel provided and/or technical etc. services rendered.

(ii) Indian exporters of services have normally to undertake overseas contracts on “cash” terms. Overseas service contracts undertaken on “cash” terms do not require prior clearance of Reserve Bank if no facilities are required. Resident individuals, firms and companies may, therefore, freely provide consultancy/technical/management services to overseas clients subject to the condition that the income earned abroad minus expenses will be promptly repatriated to India through normal banking channels. Individuals/firms/companies executing service contract in computer software should, however, repatriate the profits to India. Indian companies/firms executing service contracts abroad, requiring facilities like opening of foreign currency bank accounts and site offices abroad, etc. will need approval from Authorised Dealer/Exim Bank. In the case of exporters executing software service contracts abroad, authorised dealers may permit remittances towards maintenance expenses of the persons deputed abroad to execute such contracts, out of receipts of advance/down payments in respect of the contract from the overseas client and on submission of a declaration by the exporter that the aggregate exchange facilities already availed of / to be availed of for execution of the contract would be within the overall ceiling of project related expenses viz. 70% of the contract value.

Service Contracts Requiring Authorised Dealers'/ Exim Bank's Approval

C.2 In some cases service contractors may be required to furnish a performance guarantee to the overseas employer in respect of the project as a whole especially for contracts in the field of erection/installation of plant and machinery as well as services like electrical or air-conditioning installations associated with civil construction work. Such service contracts often involve high contract values and some are as complex in character as contracts for turnkey or civil construction projects. They also involve direct and indirect foreign exchange liabilities by way of execution of performance/advance payments guarantees, counter-guarantees for loans/overdrafts raised from banks abroad and even considerable expenditure in foreign exchange on purchase of instruments/equipment of third country origin, which necessitates recourse to fund-based and/or non-fund-based facilities from Indian commercial banks, Exim Bank and ECGC apart from a variety of foreign exchange approvals. Such contracts are treated on par with turnkey/construction projects and therefore require clearance at post-award stage of authorised dealers/Exim Bank. All Service contracts involving deferred payment (DP) terms also require post-award clearance of authorised dealers/Exim Bank.

Pre-requisites for Consideration of Proposals of Service Contracts Involving Cash Payment Terms

C.3 Before granting clearance to the exporters who have secured Service Contracts abroad, authorised dealers/Exim Bank should ensure that the proposals satisfy, inter alia, the following broad guidelines/conditions:

- (a) Contract should be technically feasible and economically viable.
- (b) Ordinarily, exporters should secure mobilisation advance to the extent of 15 per cent of the contract value. Exporters should not undertake any responsibility for organising supplies of machinery/equipment and/or materials going into the project. In case, contracts involve purchase of materials/machinery/equipments from third countries, such purchases should be financed directly by employers.
- (c) ECGC may be consulted in advance for its commercial and/or political risk cover/guarantees etc., if required.
- (d) Ratio of the currencies of payment for the contract should be appropriately stipulated in order to avoid a surplus being generated in a non-repatriable local currency.

Note : Condition at (b) above regarding mobilisation advance may be relaxed by authorised dealer / Exim Bank on merits of each case on the basis of their commercial judgement.

Pre-requisites for consideration of proposals

of Service Contracts on DP terms

C.4 The periods for which credit may be offered in respect of a service contract will depend on merits of each individual case and may be determined by the exporter and his banker in mutual consultation on the basis of commercial judgement. The moratorium will be available only for the principal amount and not interest and should not exceed one year. The authorised dealers/Exim Bank will consider proposals for clearance of service contracts abroad on DP terms at post-award stage subject, inter alia, to the fulfillment of the following conditions in addition to those at paragraph C.3(a), (c) & (d).

- a) The rate of interest on deferred receivables should cover fully the cost to the exporter of export credit to be availed of from the Indian banking system. Periodicity of repayment of principal and payment of interest should not exceed half-yearly intervals.
- b) Ordinarily, payment terms should provide for advance payment upto 25 per cent of the contract value. In exceptional cases, the advance payment may be reduced to 5 per cent of the contract value. In any case advance/progress payment should cover fully the foreign exchange outgo as well as wages and salaries of personnel employed on the project.
- c) Payment of instalments should be secured by letters of credit and/or acceptable bank guarantees. In case the overseas employer is a Government department or a public sector undertaking, a guarantee from the Government and/or promissory notes from the Government or public sector undertaking concerned may be accepted. An undertaking from the Central Bank of the importer country indicating that necessary foreign exchange would be made available on due dates for payment of instalments including interest should be obtained, where stipulated by the approving authority.
- d) If services of an agent are considered necessary for ensuring smooth execution of the contract every effort should be made to keep the rate of agency commission as low as possible.

Note : Authorised dealer / Exim Bank may relax conditions at (b) and (c) above, if necessary, based on their commercial judgement.

Clearance of Proposals at Post-award Stages

C.5 (i) After entering into contract for rendering managerial, technical, consultancy services to overseas employers, the exporter should submit to his bankers an application in form TCS 1 in six copies alongwith six copies of contract for necessary post-award clearance. For Contract value without any limit authorised dealers / Exim Bank should examine the proposals in the light of nature and scope of the services to be rendered, terms of payment, period available for completion of the

project/assignment, penalty provisions, etc. and grant clearance provided the proposal satisfies the conditions listed in paragraphs C.3 / C.4.

(ii) AD bank / Exim Bank may receive such applications provided (a) all facilities required for execution of the contract are being extended by Exim Bank, (b) Exim Bank makes necessary arrangement with an authorised dealer to handle exchange control matters like export declaration formality, etc. in connection with execution of the contract and (c) Exim Bank monitors such contracts cleared by them till their completion and ensures compliance with the requirements of completed contracts as per paragraph B.10 of Memorandum PEM.

(iii) The procedure outlined in paragraph B.7 in respect of project export proposals should be followed, mutatis mutandis, by authorised dealer/Exim Bank while granting post-award clearance.

Follow-up of Service Contracts

C.6 Exporters executing service contracts abroad should furnish progress reports at half yearly intervals ending June and December of each year to institutions concerned in the same manner as stated in paragraph B.9 through their bankers.

Requirements relating to Completed Projects

C.7 Exporters should comply with the requirements laid down in paragraph B.10 in regard to submission of reports, statements and documentary evidence after completion of the service contracts abroad.

PART D - OTHER MATTERS CONNECTED WITH PROJECT EXPORTS AND SERVICE EXPORTS

Foreign Currency Accounts/Site Offices Abroad/ Agency Commission/Financial Requirements

D.1 (i) Project/ Service exporters may avail of facilities such as opening of foreign currency accounts, temporary site offices, payment of agency commission and availing of temporary overseas borrowings subject to the conditions as may be stipulated Exim Bank/authorised dealer. The project exporters may also be permitted to open temporary liaison offices overseas in connection with the execution of the contract abroad by the authority approving the relative project export proposal subject to the conditions as may be specified by the said authority. Exim Bank/authorised dealers may convey to the exporters, at the post-award stage, the detailed conditions subject to which the various facilities have been granted by the authority which grants the post award approval. A set of standard conditions are given in Annexure II. In the case of pure supply contracts on deferred payment terms where the exporter does not maintain any foreign currency account abroad, authorised dealers may remit commission in accordance with the terms and conditions set out in the letter of approval issued by them/Exim Bank at the post award stage subject to the conditions stipulated in Annexure III. The exporter, if he so desires, may maintain a single foreign currency account for more than one project being executed in the same country subject to the conditions as may be stipulated by the authorised dealer/Exim Bank. It will, however, be necessary in such cases, for the exporter to submit project-wise statement of accounts duly certified by a Chartered Accountant to the project monitoring authority / authorised dealer. Conditions mentioned at A(i) in Annexure II may be suitably amended by Authorised Dealer / Exim Bank in case the exporter desires to maintain a single foreign currency account for more than one project being executed in the same country. It may be noted that even if the exporter opts for maintaining a single foreign currency account for more than one project it will be necessary for the exporter to comply with the instructions on inter-project transfer of funds.

It will be in order for the approving authority of the overseas contract to approve the proposal of exporter, to open, hold and maintain foreign currency account in India subject to terms and conditions indicated at A(ii) in the Annexure II. The following will however need to be noted in this regard by the concerned Authorised dealer:

- a) Exporter will have to open, hold and maintain separate foreign currency account for each project under execution abroad.

- b) Authorised dealers shall not avail of rupee loan against the security of balances held in such account and no overdraft in the account shall be permitted.
- c) The balance in the account will be subject to SLR / CRR requirement as prescribed by Reserve Bank (DBOD) from time to time.

Approving authority may on request allow such of the project / service exporters, as have been permitted to open foreign currency account in India, to pay their Indian suppliers / service providers in foreign currency from foreign currency account subject to the following conditions :

- a) Project / service exporter should not claim export benefit on the payment made to Indian supplier / service provider.
- b) Indian supplier of goods / services should comply with export procedure as per provisions / requirements of Foreign Exchange Management Act, 1999.

(ii) In cases where adequate advance payment or an overdraft/loan abroad cannot be arranged, authorised dealer monitoring the project on an application by the project exporter, may allow remittance from India provided such remittance has been approved by the authorised dealer / Exim Bank granting clearance to the project export proposal at the post award stage. Authorised dealer may allow such remittances after obtaining an undertaking from the project exporter that the amount remitted will be repatriated to India within a period stipulated by the authorised dealer / Exim Bank. Compliance of the condition regarding repatriation of the funds so remitted within the period determined by the approving authority should be monitored by the concerned authorised dealer who allows remittance and who is also required to monitor the project.

It will be in order for authorised dealer / Exim Bank while considering proposals at post award stage, against an undertaking to repatriate the amount of remittance, to approve initial remittance upto a limit deemed necessary on the basis of inflow / outflow of payments concerning the project, where adequate advance payment or an overdraft / loan abroad can not be arranged by the exporter. The period of repatriation of the amount sought to be remitted may also be determined by the authorised dealer / Exim Bank as the case may be.

Third Country Purchases

D.2 (i) While granting package approval for turnkey/civil construction contracts involving purchase of machinery/equipment/materials from third country sources, the authorised dealer or Exim Bank will indicate the extent upto which such purchases may be made. Ordinarily, the third country purchases should be paid for separately by the overseas project authority or by the Indian exporter out of advance/down payment received from the project authority. Where the payments for the contract are receivable on deferred payment basis, the exporter should, as far as possible, try to secure matching deferred payment terms in respect of third country purchases required for the project to avoid a net outlay of funds in foreign exchange. Authorised dealers may, however, as far as possible open letters of credit in such cases in favour of the third country suppliers on a back-to-back basis, provided the amount for which the credit is to be opened from India in favour of the third country supplier does not exceed the amount for which a credit has been opened by the project authority in favour of the Indian exporter. Where however, the exporter is unable to provide security of a letter of credit opened by buyer, authorised dealer may open a letter of credit in favour of third country suppliers even if it is not on a back-to-back basis provided the amount of such letter of credit does not exceed the value of third country imports approved by the approving authority while according post-award clearance to the project export proposal and payments under such letters of credits are made out of project receipts.

(ii) In respect of third country purchases by the exporter for execution of the project / service contract abroad, which are directly transported by the overseas supplier to the project site and for which payment is proposed to be made under letter of credit opened with banks in India, authorised dealer on an application made by the exporter, may grant waiver for submission of the exchange control copy of the bill of entry subject to the conditions that (a) the third country purchases have been approved by the concerned approving authority while according post-award approval to the project / service export proposal and (b) the exporter submits the invoice raised on him by the overseas supplier in respect of the goods supplied by him direct to the project site as also documentary evidence for having received the goods at the project site.

Inter-project transfer of funds

D.3 Requests from the project exporters executing turn-key/construction/service contracts abroad for temporary inter-project transfer of funds to meet cash flow deficits should be submitted to the exporter's banker monitoring the project, together

with the cash-flow statements in respect of the borrowing and lending projects. The authorised dealer may consider the application on merits taking into account the overall funds-flow position of both the projects and permit such temporary transfers. In case the banker to the lending project is other than the banker of the borrowing project, consent of the former should be obtained. The exporter should be advised to retransfer the funds to the lending project as soon as the funds-flow position of the borrowing project improves. The transfer of surplus funds of completed overseas project to another ongoing project of the same project exporter is not permitted since such surplus becomes repatriable to India as soon as the project is completed and provisional completion certificate is issued.

Copies of such applications, together with the approval accorded by the authorised dealer, should be forwarded to the approving authority which had cleared the project export contract and the banker of the lending project. Copies may also be forwarded to Exim Bank / ECGC in all cases where their participation in funded / non-funded facilities, risk sharing is involved in the concerned project export contracts.

Construction etc. Equipment

D.4 (I) Exporters executing turnkey/ construction/ service contracts abroad should normally take from India construction and other equipment required for performance of the contracts. Authorised dealer may permit, on application, export of equipment from India on the condition that it will be re-imported into India on completion of the contract and if let out /sold, the full hire charges/sale proceeds will be promptly repatriated to India. Applications may be made to the authorised dealer by letter citing a reference to the post-award package approval granted by authorised dealer/Exim Bank and enclosing a set of GR forms duly completed for the export together with an undertaking in form PEX-2 regarding re-import of such equipment into India. Requisite EDF / SDF approval may be granted by authorised dealer. Authorised dealer will need to monitor the compliance of the undertaking furnished by the exporter to him.

(ii) Exporters will also be permitted to purchase construction etc. equipment abroad, where necessary. Approval will be given by approving authority, provided the equipment will be paid for fully out of payments to be received for the services segment of the contract. Full details of such purchases should be reported in the half-yearly statements of foreign currency accounts supported by documentary evidence. Similarly, some exporters may be required to purchase abroad motor vehicles necessary for execution of their contract. Requests for permission to

purchase vehicles abroad will be considered by the approving authority on merits of each case.

(iii) Exporters may also obtain construction etc. equipment abroad on hire against payment of hire charges out of foreign currency receipts in respect of service segments of their contracts.

(iv) Exporters may freely use the equipment for performing any other contract secured by them in the same or any nearby country. They may, if they so wish, also sell the equipment or give it on hire to other contractors abroad, provided the full amount of sale proceeds or hire charges, as the case may be, is repatriated to India promptly through normal banking channels. Documentary evidence showing repatriation of full amount realised should be produced to the authorised dealer monitoring the project.

Import of Equipment/Machinery/Motor Vehicles Purchased Abroad

D.5 Exporters may sometimes desire to import the used equipment/machinery or motor vehicles into India after completion of the overseas contract unless they are disposed of abroad. Import of such items into India will be governed by the prevailing Import Policy of Government of India.

Foreign Travel in connection with Execution of Contracts Abroad

D.6 Firms/companies executing turnkey/construction/service contracts abroad have to depute their technical and managerial personnel abroad for supervising construction, erection, commissioning of the projects, etc. Expenses of such personnel should ordinarily be met out of payments receivable towards erection and commissioning services which are retained abroad in foreign currency accounts opened with permission of Authorised Dealer/Exim Bank, unless such expenses are to be met by the overseas employers in terms of the contract. Passage fares for sending such personnel abroad will also have to be met in a similar manner. Accordingly, wherever such fares are paid in India in rupees, an equivalent amount in foreign exchange should be repatriated to India promptly.

Bid Bonds and Guarantees against Project Exports

D.7 (i) Authorised dealers may consider and furnish, without prior permission of Reserve Bank, all types of guarantees required to be furnished in connection with execution of project/contract abroad, in cases where they have been authorised to approve proposals of exporters to undertake contracts abroad. Authorised dealer

may also consider/furnish bid bonds/tender guarantees in connection with bids/offers being submitted by exporters for execution of contracts abroad. Authorised dealers should satisfy themselves before furnishing the bond/ guarantee that the exporter is in a position to fulfil his contractual obligations and the bid/ contract satisfies the conditions stipulated in paragraph B.5/C.3/C.4. In other cases, authorised dealers should issue the guarantees after package approval has been secured from Exim Bank either under powers delegated to it in this behalf.

(ii) Exporters desiring to submit bids for execution of projects abroad including service contract may furnish their own Corporate Guarantee in lieu of Bid Bond Guarantee, if they so desire, subject to the condition that the amount of such guarantee shall not exceed 5% of the contract value. Exporters, however, have to ensure that provisions contained in Memorandum PEM and other instructions issued by Reserve Bank from time to time for submission of bids are complied with.

(iii) In terms of Reserve Bank Notification No.FEMA 8/2000-RB dated 3rd May 2000, project/service exporters, have been granted general permission to furnish their own Corporate guarantees for performance of the contract or for availing of fund-based and/or non-fund based facilities from banks/financial institutions abroad for the purpose of execution of projects abroad subject to approval of approving authority at post award stage. The details of guarantee/s issued as above should be reported by the project/ service exporters to the concerned Regional Office of Reserve Bank (FED) as also to the concerned authorised dealer/Exim Bank who had cleared the proposal, within 15 days from the issue of such guarantee/s.

Guarantees for Borrowings Abroad

D.8 In all cases where exporters executing turnkey/civil construction/service contracts abroad are granted an approval by the approving authority to raise foreign currency loans/overdrafts abroad against counter guarantees of their bankers in India, for bridging temporary short-falls in the cash-flows, the authorised dealer concerned may issue the requisite guarantee in favour of the overseas bank from which the loan/overdraft is to be raised.

Project Exports to Nepal/Bhutan

D.9 All project export proposals to Nepal and Bhutan require the clearance of the concerned authorities like the authorised dealer /Exim bank on terms and conditions of the contract at post-award stage. Provisions of para. D1(i) regarding opening of

foreign currency bank account, temporary site office, liaison office and availing of temporary overseas borrowings etc. are applicable, mutatis mutandis, in respect of project exports to Nepal and Bhutan.

ANNEXURE - I
(Paragraph B.3)

LIST OF GOODS IN RESPECT OF WHICH COMMERCIAL EXPORT CREDIT
MAY BE OFFERED BY INDIAN EXPORTER

A - CAPITAL AND PRODUCER GOODS

1. Air compressors
2. Air conditioning, heating, cooling, fume extraction, dust collection, humidification and ventilation equipment for industrial use including blowers and exhaust fans.
3. Alcohol and brewery plant.
4. Aluminium plant and equipment
5. Asbestos cement machinery
6. Cement machinery
7. Cinematographic equipment for motion picture and television studios.
8. Chemical and pharmaceutical plant and machinery.
9. Cigarette making machinery.
10. Coffee processing machinery.
11. Coke oven plant and equipment
12. Coke oven refractories
13. Control and Process Instruments including X-Ray equipment for Industrial Applications.
14. Copper Ore concentration machinery
15. Dairy equipment and animal feed plant
16. Earth moving equipment like crawler tractors, shovels, excavators, loaders, dumpers etc.
17. Edible Oil Mill machinery and oil expellers.
18. Electric motors and pumps
19. Electronic Data Processing equipment
20. Fertilizer plant and equipment
21. Flour, rice and dal mill machinery
22. Food processing plant
23. Foundry equipment including mould making machinery, Sand and Shot blasting equipment
24. Freight containers
25. Garage equipment
26. Gas and air separation plants
27. Glass and Ceramic machinery

28. Heat Exchangers
29. Integrated Steel Plants (complete or in parts), mini steel plants (electric arc and reduction furnaces). Re-heating and heat treatment furnaces, Rolling Mills and other finishing lines for ferrous and non-ferrous metals.
30. Ice-making machinery
31. Industrial boilers
32. Industrial furnaces
33. Industrial switchboards, Control panels, circuit breakers, air break switches
34. Jute machinery
35. Leather tanning and processing machinery
36. Machine tools
37. Machinery for manufacturing air conditioners, bicycles, corks, electrical goods, enamel-ware, hard board, metal containers, radios, razor blades, refractories and bricks, sewing machines, shoes, steel furniture, wire-ropes and cables etc.
38. Machinery for manufacturing any product figuring in Part B of this List, not specified separately in this Part.
39. Material handling equipment like fork lifts, electric lifts, cranes, hoists etc. and conveyor systems.
40. Metal working machinery
41. Mining machinery
42. Motor vehicles and chassis, including three-wheelers
43. Oil drilling rigs
44. Oil refinery equipment
45. Packaging and weighing machinery
46. Pile foundation machinery
47. Plastic machinery
48. Power generation, transmission and distribution equipment including boilers, generators, transformers, switchgears, transmission line towers, conductors, cables, sub-station equipment and protective equipment.
49. Power line carrier communication equipment
50. Power station structures, hydraulic structures like penstocks, gates and gearings, sub-station structures.
51. Pressure vessels.
52. Printing and book-binding machinery
53. Pulp and Paper Mill machinery
54. Railway electrification equipment and structures and railway signalling equipment.

55. Railway rolling stock including locomotives, wagons, coaches and trolleys.
56. Rubber machinery
57. Refractories for use in hot blast stoves, hot blast main bustle pipes and blast furnace proper.
58. Road and construction equipment including road rollers, tar boilers, continuous batch plants, stone crushers, asphalt mixers, concrete mixers and vibrators.
59. Ships, boats, trawlers, steamers, launches, barges.
60. Solvent extraction machinery
61. Spraying equipment
62. Steam, diesel and petrol engines
63. Steel fabrication for bridges, factories etc.
64. Steel rails and railway track equipment including sleepers, fishplates, points and crossings.
65. Steel shuttering and scaffolding materials
66. Steel tanks
67. Sugar (including Khandsari) machinery
68. Tele-communication and signalling equipment including Telecom cables.
69. Textile machinery
70. Tractors and Trailers
71. Vending machines
72. Water supply equipment including pumping plant, large diameter fabricated steel pipes, C.I. spun pipes and storage tanks, water treatment and sewage treatment plant.
73. Weigh bridges
74. Welding machinery
75. Wood working machinery

B - OTHER GOODS

76. Agricultural implements.
77. Auto parts
78. Bicycles, motorcycles, scooters, mopeds and parts
79. Construction materials including sanitaryware, tiles and precast cement products, false ceiling, flooring materials, pipes, decorative laminates, fittings, electricals and steel/aluminium doors and windows, provided they are exported as separate items and not as items forming part of civil construction/turnkey projects.
80. Agricultural chemicals and industrial chemicals.
81. Pressure cookers, watches and clocks, knitting/sewing machines, vacuum flasks, cutlery, plastic moulded luggage.

82. Domestic electric appliances
83. Drugs and pharmaceuticals
84. Electrical equipment including low tension insulators, batteries and accumulators, parts of electrical machinery and lamps fuses and electrodes for industrial application.
85. Electronic components.
86. Electronic goods including radios, TV, public address systems, record players, tape recorders.
87. Fibreglass, PVC and plastics based products including pipes and tubes, tyre cord.
88. Ferrous/non-ferrous castings, forgings, stampings, extrusions and rolled products.
89. Ferrous/non-ferrous pipes, tubes, sheets, strips, foils, rods, wires, wire ropes
90. Heating and cooling equipment including air conditioners, refrigerators, water coolers.
91. Industrial rubber products including tyres and tubes, cots and aprons, conveyor belts, rubber rollers, hose pipes.
92. Instruments for measurement, scientific survey and for surgical applications.
93. Industrial fasteners, bearings, valves, gears and gaskets.
94. X-ray and other electro-medical and other hospital equipments
95. Office equipments including typewriters, calculators, duplicators, teleprinters.
96. Metal and plastic furniture
97. Hand tools, cutting tools, grinding wheels, moulds dies.
98. Gas cylinders, fire fighting equipment, photographic equipment, helmets, including fibreglass helmets.

ANNEXURE II
(Paragraph D.I)

Standard conditions to be stipulated by Exim Bank/authorised dealers for various facilities at the time of conveying post-award approval for projects/service contracts

A(i). Opening of foreign currency bank accounts abroad

- a) The exporter is permitted to open _____ foreign currency accounts
(no. of accounts)
in _____ for the purpose of execution of
contract.
(Places where accounts are to be opened).
- b) The exporter shall within 15 days from the date of opening of such accounts furnish the details thereof viz. account number, name of the bank, place and country where such account is opened, to the Authorised Dealer concerned.
- c) Credits representing payments by the project authorities to the Indian contractor under the contract may be made freely. In case payments made in respect of supplies of materials/equipment made from India have to be temporarily credited to the account, the amount representing value of such supplies should be repatriated to India soon thereafter.
- d) Debits representing disbursements to be made in country of execution of contract and for purchase of materials/equipments from third country / Indian sources in connection with execution of the contract to the extent approved by Exim Bank/authorised dealer at post-bid stage viz. not exceedingmay be made freely.
(value of such supplies)
- e) Credits representing accrued interest and debits representing remittances to India and bank charges may be made freely.
- f) All other credits/debits will require prior approval of the Reserve Bank.
- g) A half-yearly statement of operations on the bank account(s) as in the following format duly supported by the transcripts together with brief note explaining each debit and credit exceeding US\$ 10,000/- or its equivalent shall be submitted to the authorised dealer concerned within one month from the close of relevant half-year.

FORMAT

Statement showing summary of transactions routed through The foreign currency account maintained with _____ in _____
(name & address of the bank)

_____ during the half-year ended _____
(currency)

1. Name & address of the exporter:
2. Name & address of the buyer :
3. Name of the project

Particulars	As per last	during the
Total	<u>Report</u>	<u>quarter</u>

A. Receipts

1. Opening balance
2. Receipts from buyer towards
(advance/down/progress payments)
 - (a) supplies from India
 - (b) Third country local supplies
 - (c) Services
 - (d) Reimbursable expenses
 - (e) Extra claims
 - (f) Others (if any)
3. Remittances from India
4. Inter project transfers
5. Transfers from other accounts
(short-term deposits/other foreign currency accounts)
6. Others
7. Total of (A):

B. Expenditure

1. Third country/local supplies / Indian supplies
2. Site office expenses
3. Taxes/duties
4. Freight/insurance
5. Purchase of construction equipment/
Machinery /tools/ tackles etc.
6. Agency commission
7. Short term deposits
8. Inter project transfer
9. Repatriation to India
10. Others
11. Total of (B)
12. Closing balance (A-B)

(Note : Separate statement should be furnished for each account maintained in local/foreign currency)

- h) The balance in the account in excess of normal requirements should be repatriated to India periodically. If, however, exporters have been permitted to raise foreign currency borrowings abroad for execution of the project, the balance in the account should first be utilised for progressive repayment of such loans/overdrafts and surplus available thereafter should be repatriated to India.
- i) The account(s) shall be closed immediately after the contract is completed and the entire balance transferred to India under advice to the concerned authorised dealer together with bank certificate/s evidencing repatriation of the amount to India.
- j) If the bank account is in the nature of overdraft account, which was permitted in principle while granting post-award clearance by Exim Bank/authorised dealer, the overdraft should be fully liquidated from out of payments received in respect of contract (excluding the value of Indian supplies which is required to be repatriated to India) within the validity of the bank guarantee issued by bank(s) in India.
- k) Project funds in the foreign currency account temporarily rendered surplus may be invested in short term deposits, not exceeding one year, and on maturity they should be transferred to the foreign currency account opened in connection with the project in question. However, such investments are not permitted when the foreign currency borrowings/overdrafts raised by the project exporter are outstanding. The maturity period of the fixed deposit should not in any case, go beyond the date of completion of the project in question.
- l) The Reserve Bank reserves the right to go into details of any specific transaction and call for such documentary evidence like Chartered accountant's Certificate, bills/vouchers, etc. as it may consider necessary.

A(ii) - Opening of Foreign Currency bank account in India.

- a) The exporter is permitted to open foreign currency account in _____ with _____
 _____ (Name of the foreign currency) (Name of the bank) (Place)
 for the purpose of the execution of contract. (The account can be maintained in any convertible foreign currency).
- b) Credits representing payment by the project authorities to the Indian contractor under the contract may be freely made.
- c) Interest earned on surplus funds parked in short term deposits may also be credited.
- d) Debits representing payment for purchase of material / equipment from overseas suppliers in connection with execution of the contract to the extent approved by Exim Bank / Authorised dealer, at post-award approval stage viz. not exceeding _____ may be made freely.
 (Value of such supplies)
- e) Debits representing transfer of funds to the project site, bank charges and project related expenses in rupees may also be made freely.

- f) Debits for transfer of funds to rupee account in case payment made by the client for supply of material / equipment from India has to be temporarily credited to the account and for conversion of balance in the account into Indian rupees at the end of the contract may be made freely.
- g) All other credits / debits will require prior approval of approving authority / Reserve Bank of India.
- h) The account shall be closed immediately after completion of the project and the entire balance should be transferred to rupee account and / or EEFC account as the case may be as per prevailing guidelines.
- i) Project funds temporarily rendered surplus may be invested in short term deposits, not exceeding one year and on maturity, they should be transferred to the project foreign currency account. However, maturity period of the fixed deposit should not, in any case, go beyond the date of completion of the project in question.
- j) No forward cover facility would be available on the balances held in the account.

B. Establishment of temporary site / liaison offices

(a) The project exporter is permitted to set up site offices/liaison office at the following places :

(i)

(ii).....

(iii).....

- b) The exporter shall, within 15 days of opening of such site office/liaison office furnish to the authorised dealer the details regarding places where site office/s / liaison office have been opened.
- c) Expenses of the site office/s / liaison office shall be met out of payments receivable for the services segment of the contract and no remittance from India will be allowed for maintenance of such office/s.
- d) A half-yearly statement of expenditure of the site office/s / liaison office shall be submitted to the authorised dealer concerned with suitable documentary evidence, within one month from the close of relevant half-year.
- e) The temporary site office/s / liaison office shall be closed as soon as the project in question is completed, under advice to the concerned authorised dealer.

Note: Exim Bank / authorised dealers may also agree to opening and maintenance of site office/s / liaison office by the Indian associates and sub-contractors of prime contractors with foreign exchange made available to them by the prime contractors subject to the above terms and conditions, provided opening of such site office/s /liaison office has been approved while granting post-award clearances.

C. Payment of agency commission to overseas agents

- a) It will be in order for the project exporter to pay agency commission not exceeding of the contract value to the
(to be specified) * (Name and address of the agent)
*as indicated in the payment terms conveyed in the letter of approval.
- b) The agency commission shall be paid at the approved rate by debits to the foreign currency bank account/s opened in connection with execution of the contract.
- c) Payment of agency commission shall not be made by credit to a numbered account where the identity of the recipient is not known or to a third person/party.
- d) The commission payments shall be reflected in the half-yearly statement of operations on the bank account/s submitted to the authorised dealer.

NOTE : The above general permission is not available to the sub-contractors of Indian prime contractors.

D. Raising of Foreign Currency Loans/Overdrafts Abroad against Bank Guarantees from India for bridging temporary shortfall in cash flow

- a) It will be in order for the project/service exporter to arrange to raise foreign currency borrowings overdraft etc. from a bank abroad not exceedingin value. The exporter should, however, within 15 days from the date of grant of financial accommodation furnish to the authorised dealer details of the account number, name of the bank, place and country where such account is maintained for the purpose of raising loan / overdraft.
- b) Overdraft/loan limit shall be operated in accordance with the approved cash flow statement and the outstanding balance should not at any time exceed the limit sanctioned by Exim Bank / authorised dealer while granting post-bid clearance.
- c) The entire amount of overdraft/loan together with interest will have to be liquidated out of payments to be received from the overseas employer on account of the services segment of the contract and no remittance from India will normally be allowed either for repayment of the overdraft/loan or for payment of interest.
- d) The export value of goods supplied from India and declared on EDF/SDF in the usual manner shall be repatriated to India in the normal course and shall not be utilised for repayment of the overdraft/loan.
- e) A certified half-yearly statement of the operations in the overdraft/loan account duly supported by transcripts of the account and a brief note explaining each debit and credit exceeding the equivalent of US\$ 10,000 shall be submitted to the authorised dealer, within one month from the close of relevant half-year.
- f) Liquidation of overseas borrowings (including interest) shall be given preference over liquidation of rupee overdrafts and other rupee liabilities in India and no funds received out of the service segment of the contract shall be brought to India until overseas borrowings (including interest) are fully liquidated.

- g) The full amount of overdraft/loan (with accrued interest) shall be liquidated within the validity period of the bank guarantee issued from India.
- h) The finance raised abroad for a particular project shall be utilised only for that project and for the purpose/s for which it was authorised, and for no other purpose/project.
- i) Interest due on the overseas overdraft/loan shall be paid on due dates from the project receivable relating to the services segment and no roll-over for the amount of interest for a further period shall be allowed, without prior approval of Reserve Bank.

NOTES : (i) In case borrowings are proposed to be raised by the exporter in
a

country other than the country in which the contract is being executed, the exporter should be advised to ensure that the authorities in country where contract is being executed will be prepared to allow remittances out of local currency payments made to the exporter on service segment of the contract.

(ii) The permission for raising loans/overdrafts should not be granted to sub-contractors of Indian prime contractors and that they should be advised to approach the Indian prime-contractors for necessary financial requirements in foreign exchange.

E. Conditions relating to Payment Terms approval

Exporter will not be required to approach Reserve Bank for obtaining Payment Terms approval. He should however note the following:

1. Any matter for which specific foreign exchange approval is required, a specific application will have to be made to RBI at the appropriate time. The approval accorded by the Approving Authority does not bind the Exim Bank/ ECGC/Import Trade Control authorities regarding grant of Exim Bank financial assistance / ECGC cover/ import replenishment / third country imports as these are to be dealt with by the respective authorities.

2. The following procedure in respect of the exports to be made under the approval should be observed scrupulously:

- a. All copies of EDF forms covering exports under the contract should be prominently superscribed in Red Ink as under:

Exports under Deferred Payment Arrangements. Approving Authority's approval No. _____ dated _____.

In all communications with the Reserve Bank / Approving Authority, the number and date of the approval should invariably be cited.

- b. Exporter should submit to Reserve Bank of India and the Approving Authority, a quarterly statement showing the total value of shipment effected as also advance payment / deferred instalments received etc. as per Annexure AB, within ten days from the close of the quarter. This statement should be submitted till all the payments are fully realised. In case there is

no transaction to report for a particular quarter a “Nil” statement should be submitted.

Annexure 'AB'

Quarterly statement showing value of shipments effected and advance/ deferred instalments received in respect of exports under Deferred Payment Arrangements

(To be completed by the Exporter and submitted to the concerned Regional Office of Reserve Bank and Approving authority every calendar quarter)

For the quarter ended --

1. No. & date of approval of the Approving Authority for the deferred payments :
2. Country :

AMOUNT

Foreign Currency Rs.

- I. (a) Value of shipments effected during the: Quarter
- (b) Of which deferred payment portion :

- II. Advance payment, if any received during : the quarter

Rs.	Principal Foreign Currency	Rs.	Interest Foreign currency
III. Deferred Credit instalments realised During the quarter			

III. Details of amounts fallen due

- (a) Total amount due but not received
- (b) Amount pending beyond six months
- (c) Reasons for non-payment of instalments/ interest which have fallen due and efforts made to realise the overdues

(Signature of authorised official)

Date:

Name: _____
Designation: _____
Name and Address _____
of Exporter _____

Note: The statement may be submitted regularly within 10 days of the close of the quarter to which it relates.

**ANNEXURE III
(Paragraph D.I)**

Conditions subject to which remittance of agency commission in respect of pure supply contracts may be effected by authorised dealers

The authorised dealers may effect remittances of agency commission in accordance with the terms and conditions as set out in the letters of approval issued by him/Exim Bank at the post award stage subject to the following conditions :

- I. The remittance may be effected only by the branch of the bank monitoring the supply contract (on deferred payment terms).
- II. The agency commission shall be paid at the approved rate.
- III. The commission payments should not be made for credit to a numbered account where the identity of the recipient is not known.
- IV. Where project receivables are received in non-convertible Indian Rupees and the agency commission is desired to be made in freely convertible currency, such applications should be referred to the concerned Regional Office of Reserve Bank for approval.

NOTE: This facility is not available to the sub-contractors of Indian prime contractors.

DPX 1
{ Paragraph B.7(i) of PEM }

**Application to be submitted by exporters after award of
contract for export on deferred payment/turnkey basis**

A. Instructions :

The application should be completed in six copies and submitted to an authorised dealer along with six copies of the contract, within fifteen days of entering into contract with the overseas buyer.

B. Documentation:

Certified copies of the documents, listed in item XII of the application form.

I. Exporter Name & Address (<u>other details as per Annexure I).</u>	
II. Overseas Buyer	a)
a) Name and Address	
b) Constitution (Indicating whether a private or Government undertaking	b)
c) Details of any Indian participation in the capital structure of the buyer or association with buyer in any other manner.	c)
d) Main lines of activity	d)
e) Whether the project is being financed by World Bank/ADB, etc.	e)
f) Brief particulars of the overall project to which the present application relates	f)
g) Exporter's past experience with the Buyer, if any.	g)
III. Prime Contractor (If other than overseas Buyer) Name & address	

IV. Export Contract	
a) Date of signing	a)
b) Effective date	b)
c) Completion / maintenance period (if any)	c)
d) Total value	d)
I. In foreign currency	I.
II. Equivalent Indian rupees	II.
III. Exchange rate	III.
e) Break-up of contract value	e)
	Supplies In Rupees Services Total
	Indian
	Third country *
	Local
	Total value
	* (Goods directly imported into Buyer's country)
f) Goods to be exported from India	(f)
(i) Description	(i)
(ii) value (specify whether the value is F.O.B.,C&F or C.I.F. or on other terms giving the actual or estimated F.O.B value where the price is on non-F.O.B. terms. If the price is fixed in a foreign currency, state the price in terms of foreign currency, and its rupee equivalent.)	(ii)
(iii) Payment terms	(iii) % Amount
(1) Advance payment	(1)
(2) Down payment	(2)
(3) Deferred payment	(3)
(4) Retention money	(4)
(iv) When is advance payment receivable?	(iv)
(v) Down payments – how and when receivable?	(v)

(vi) Deferred receivables (1) Moratorium/grace period, if any, on principal amount (please also indicate the date from which the period will start). (2) Period of deferred payments inclusive of moratorium (3) Number and amount of instalments (principal and interest separately) (4) Whether the instalments will be linked to the date of contract / individual shipment / date of mean shipment / date of commissioning / any other date. (5) Security for deferred receivables (6) Rate of interest on deferred receivables. (7) Moratorium, if any, on interest payments. (8) Will bills / pronotes be drawn/ made in respect of deferred receivables and interest thereon? When will they be available to the exporter?	(vi) (1) (2) (3) (4) (5) (6) (7) (8)
(vii)(a) Currency/ies of payment (b) Is there an exchange variation clause? If not, will the exchange risk be covered under ECGC Scheme? (Cost of forward cover, if any, should be built into the tender/offer) (viii) Please indicate whether payments will be received under bilateral or other special arrangements. (ix) Time schedule for shipments (1) Last date of shipment, as per contract (2) Probable dates of commencement and completion shipments (3) Penalty provisions, if any (g) Services 1. Description (Nature of services being rendered, whether turnkey or supervision of erection/ commissioning) 2. Value	(vii) (a) (b) (viii) (ix) (1) (2) (3) (g) 1. 2.
3. Payment terms a) Advance Payment b) Progress Payments c) Deferred Payments/	3 % Amount a) b) c)

Retention Money 4. Number and amount of instalments relating to deferred receivables 5. Security 6. (a) Currency/ies of payment (b) Is there an exchange variation clause? If not, will the exchange risk be covered under ECGC Scheme in respect of deferred receivables, where allowed? (Cost of forward cover, if any, should be built into the tender/offer) 7. Rate of interest on deferred receivables (h) Third country imports (a) Reasons for third country imports (b) Nature of imports, estimated cost, names of suppliers and country of supply (c) Have firm quotations been obtained? If so, how long are they valid? (d) Terms of payment, Are L/Cs required to be opened in favour of suppliers? (e) Will any warranty/Bank guarantee be forthcoming from supplier/s. If so, particulars such as percentage, amount, validity, etc. should be furnished. (f) Standing and reputation of supplier/s and how ascertained. (g) Remittance of foreign exchange on repatriation basis (a) From India (b) From other projects (h) Terms of payment for third country imports vi-a-vis the overseas buyer. Would any L/Cs be opened by the overseas buyer? (i) Details of financing arrangements, if any, required abroad by the exporter.	4. 5. (a) (b) 7. (h) (a) (b) (c) (d) (e) (f) (g) (a) (b) (h) (i)
V. Status of exporter State whether Prime Exporter/ Consortium Member (a) If a Prime Exporter (1) Name/s & Address/es of major sub-supplier/s (2) Nature of goods/services relating to each sub-supplier and value thereof (3) Payment and other back-to-back arrangements with sub-supplier/s	V. (a) (1) (2)

(4) Past experience of major sub-supplier/s	(3)
(5) Details of banking arrangements made by sub-suppliers for the offer	(4)
	(5)
(Note: If prime exporter is a sub-supplier to a foreign principal other than the overseas buyer, Annexure II may be completed).	
(b) If a member of a consortium/joint bid	(b)
(1) Name/s & Address/es of the Leader/ Other members	(1)
(2) Nature of goods/services relating to leader/each consortium member, and value thereof	(2)
(3) Payment and other back-to-back arrangements with leader/other consortium members	(3)
(4) Past experience of leader/consortium members	(4)
(5) Details of banking arrangements made by leader/consortium members for the offer	(5)
(Note: If the offer is jointly with a foreign party, information as in Annexure II may be given).	

VI. Foreign Exchange outgo			
(a)	(i) CIF cost of raw materials and components proposed to be imported into India for the execution of the order or value of import replenishment entitlements whichever is higher	(a) (i) Item	Amount Percentage
	Note: If the item of export is not manufactured by the exporter then this information should be collected and furnished here by the exporter.		
	(ii) Freight payable	(ii)	
	(iii) Third country imports	(iii)	
	(iv) Agency commission/fees	(iv)	
		-----	-----
	Total	-----	-----
(b)	Nature of raw materials and components to be imported into India	(b)	
(c)	Name & Address of Overseas Agent –	(c)	
(d)	Interest on overseas borrowings/ other charges	(d)	
(e)	Remittances of Royalty payment, if any, and Exchange Control approval therefore	(e)	
VII. Whether machinery equipments etc. are required for execution of the contract, If so, whether these are to be procured on hire / lease basis or are to be purchased abroad or are to be exported from India on reimport basis, or are to be transferred from other project abroad. Please furnish particulars thereof with value.			

VIII. Cost & Profitability Estimated profit - amount and % (Annexure III to be completed)																																																				
IX. ECGC cover Nature of the ECGC insurance proposed to be obtained. (State whether ECGC quotations have been obtained. If so, furnish rates quoted and certified copies of the relevant correspondence with the Corporation).																																																				
X. Arrangement for Bank Finance a) Name/s of the exporter/s banker/s b) Arrangements made or proposed to be made for obtaining finance during the pre and post shipment stages and guarantee facilities for executing the export order. Credit and other facilities (a) Guarantees and letters of credit I. Advance Payment Guarantee II. Performance Guarantee III. Retention Money Guarantee IV. Guarantee for borrowings abroad/or V. remittances on repatriation basis VI. Any other guarantee VII. Letters of Credit to be opened A. From India B. Outside India (b) Credit facilities I. Pre-shipment credit II. Credit against deferred receivables III. Credit against export incentives IV. Other credit facilities	<table border="0"> <tr> <td>a)</td> <td></td> <td></td> </tr> <tr> <td>b)</td> <td></td> <td></td> </tr> <tr> <td>(a)</td> <td>Amount (Foreign Currency and Rupees equivalent)</td> <td>Period for which required</td> </tr> <tr> <td></td> <td>-----</td> <td>-----</td> </tr> <tr> <td>I.</td> <td></td> <td></td> </tr> <tr> <td>II.</td> <td></td> <td></td> </tr> <tr> <td>III.</td> <td></td> <td></td> </tr> <tr> <td>IV.</td> <td></td> <td></td> </tr> <tr> <td>V.</td> <td></td> <td></td> </tr> <tr> <td>VI.</td> <td></td> <td></td> </tr> <tr> <td>VII.</td> <td></td> <td></td> </tr> <tr> <td></td> <td>A. B.</td> <td></td> </tr> <tr> <td>(b)</td> <td></td> <td></td> </tr> <tr> <td>I.</td> <td></td> <td></td> </tr> <tr> <td>II.</td> <td></td> <td></td> </tr> <tr> <td>III.</td> <td></td> <td></td> </tr> <tr> <td>IV.</td> <td></td> <td></td> </tr> </table>	a)			b)			(a)	Amount (Foreign Currency and Rupees equivalent)	Period for which required		-----	-----	I.			II.			III.			IV.			V.			VI.			VII.				A. B.		(b)			I.			II.			III.			IV.		
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(C) Other facilities I. Whether site office/s / liaison office are required, and location thereof II. Whether foreign currency bank accounts are required ? If more than	<table border="0"> <tr> <td>I.</td> </tr> <tr> <td>II.</td> </tr> </table>	I.	II.																																																	
I.																																																				
II.																																																				

one account is required, places where these are required and reasons therefor.	
III. Whether foreign exchange for meeting initial / mobilisation expenses are to be remitted from India. If so, please indicate the amount and reasons therefor.	III.
The following details should be furnished.	I.
I. Name/s of the banker/s from whom financial facilities for export are sought	
II. Nature of facility	II.
III. Amount	III.
IV. Security (Details should be furnished for each type of facility)	IV.
XI. Provisions in respect of the following:	
(i) Penalty / Liquidated damages	(i)
(ii) Price escalation	(ii)
(iii) Pre-shipment inspection	(iii)
(iv) Force majeure	(iv)
(v) Arbitration	(v)
(vi) Law governing the contract	(vi)

XII. Documents to be attached with the Application(Attach certified true copies) a) Balance sheets and profit and loss accounts of the exporter for the last 3 years b) Export contract with amendments, if any (6 copies) c) Letter of credit or Letter of guarantee received by the exporter d) Agreements with sub-suppliers/other members of consortium Note : If the exporter is a sub-supplier or a member of a consortium/joint bidder copies of recent Annual Reports and write up on activities of the leader and other members of the consortium/joint bidders and information as per Annexure II should also be furnished. e) Letter, if any, from the exporter's banker communicating the terms of sanction, of guarantee and/or credit facilities for the contract. f) The following further statements are to be attached. (i) Statement of cost and profitability of the export transaction on the lines indicated in Annexure III. (ii) Statement of probable period of utilisation of the post-shipment credit as per Enclosure. (iii) Cash flow statements in the case of turnkey projects	a) b) c) d) e) f) (i) (ii) (iii)
Any other relevant information	

We apply for grant of approval for exports on deferred payment terms/turnkey basis as per details furnished above.

We hereby certify that the particulars given above are true to the best of our knowledge and belief.

STAMP

.....

Place :

Date:

(Signature of Authorised Official)

Name:

Designation :

Note : Where applicable, amounts are to be stated in foreign currencies and also their Indian rupee equivalent.

Enclosure to Form DPX 1
(Item XII(f)(ii) of Form DPX 1)

Projections of post-shipment credit requirements

	Quarter	Quarter	Quarter	Half year	Half year	Half year	Total
	1	2	3	4	5	6	7
1. Outstanding at the beginning							
2. Advances availed of during the period							
1. Total of 1 & 2							
2. Less instalments, if any, received from the importer							
3. Outstandings at the end of the period							

N.B. Quarterly figures to be given till the limit is expected to be fully drawn, thereafter, figures may be furnished quarterly/half-yearly/yearly depending upon the receipt of the deferred instalments.

Annexure I to Form DPX 1
(Item 1 of Form DPX 1)

INFORMATION ON THE EXPORTER

(a) Name (b) Registered/head Office (c) Code No. (d) Location of factory/ies, if any (e) Year of establishment and commencement of operations (f) Name/s of the proprietor/partners/Directors (g) Main lines of activity (indicate whether manufacturing and/or trading) (h) (i) Installed capacity (ii) Value & quantity of production (iii) Sales of main products (iv) Value of exports (i) Value of orders on hand (1) Export (2) Domestic (j) Please furnish the following (1) Statement showing particulars of export contracts on deferred payment terms/turnkey projects/ overseas construction contracts executed and under execution (2) Statement showing particulars of outstanding tenders/offers relating to exports on deferred payment terms/turnkey projects/ overseas construction contracts (3) Copies of Annual reports and accounts for <u>the last three years.</u>	(a) (b) (c) (d) (e) (f) (g) (h) (i) (ii) (iii) (iv) (i) (1) (2) (j) (1) (2) (3)
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Annexure II to Form DPX 1
(Notes to Items V(a) & (b) of Form DPX 1)

(To be completed where the Indian exporter is a sub-supplier to a foreign prime contractor or is a joint bidder)

1. Prime contractor/Joint Bidder (a) Name and address (b) Standing and reputation (c) Past dealings with the exporter, if any.	(a) (b) (c)
2. Contract between prime contractor/joint bidders and overseas buyer (a) Value (b) Payment terms (c) Security	(a) (b) (c)

Annexure III to Form DPX 1
(Items VIII & XII(f)(i) of Form DPX 1)

ESTIMATES OF COST AND PROFITABILITY

(Amount in lakhs of Rupees)

	Domestic Costs	Foreign Exchange Costs	Local currency Costs	Total
1. Raw materials & components (excluding duties)	1.			
Indigenous				
Imported				
(a) into India	(a)			
(b) direct into the importing country	(b)			
2. Direct labour	2.			
3. Depreciation	3.			
4. Factory overheads	4.			
5. Packing Charges	5.			
6. Other administrative & selling expenses	6.			
7. Taxes and duties –	7.			
(i) Excise duties	(i)			
(ii) Import duties	(ii)			
(iii) Taxes (to be specified)	(iii)			
8. Royalty on the export sales	8.			
9. Overseas agent's commission/fee	9.			
10. Other commission and service charges	10			
11. Interest at the pre-shipment stage	11.			
12. Interest at the post-shipment stage (net)*	12.			
13. ECGC premium relating to	13.			
(a) Policies	(a)			
(b) Counter-guarantees	(b)			

14. Miscellaneous (including cost of forward cover)	14.
15. Contingencies	15.
(i) Provision for cost escalation	(i)
(ii) negotiating margin, if any	(ii)
(iii) any other	(iii)
16. Sub-total	16.
17. (i) Freight (outward)	17. (i)
(ii) Insurance	(ii) _____
18. Total cost	18. _____
19. Sales value	19.
20. Net profit/loss (19 minus 18)	20.
21. Export Incentives	21.
(a) Duty draw-back	(a)
(b) Others (to be specified)	(b)
22. Total profit (20 plus 21)	22.

*Net of lower rate, if any, charged to buyer than the prevailing interest rate on the post-shipment deferred credit in India should be indicated as cost.

DPX 2

Progress Report from Exporter

(Para.B.9 of PEM)

Serial Number of the report

Period covered

(June / December every year)

I. Exporter Name and address	I.
II. Export contract covered by the report (a) Buyer's name and address (b) Value (c) Date of signing (d) Effective date (e) Date & Reference No. of the approval by the Approving Authority (f) Scope/Nature of Project	II. (a) (b) (c) (d) (e) (f)
III. Advance payments, security, etc. (a) Amount and date of receipt of advance payment (b) Particulars of Letter of Credit and/or Deferred Payment Guarantee received	 (a) (b)
IV. Sub-suppliers Have all back-to-back contracts been signed with sub-suppliers? (Please furnish details of arrangements with sub-suppliers as per Annexure)	

Supplies	
V. Goods/Supplies from India Rs.	V.
(a) Last date of shipment as per contract	(a)
(b) Anticipated/actual date of commencement of shipment	(b)
(c) What arrangements have been made/proposed for procuring indigenous and imported raw materials/components?	(c)
(d) Have import licences, wherever required, been obtained?	(d)
(e) Please mention briefly production programme in respect of goods to be manufactured by exporter	(e)
(f) Please indicate progress of shipments Total value of shipments as per previous statement Add: Shipments made during the period under report Total shipments effected Balance shipments to be made	(f)
(g) Please indicate progress of payments	(g)
(i) Amount/s receivable (showing the due dates from the beginning of the contract till the date of the report)	(i)
(ii) Amount/s paid by the foreign buyer	(ii)
(iii) Amounts actually repatriated to India	(iii)

VI. Services	
(a) Total value as per contract	(a)
(b) Major items of services and value thereof	(b)
(c) In case there are any sub-suppliers for services, information on the lines of enclosure to be furnished	(c)
(d) Due dates, as per contract	(d)
(i) Erection	(i)
(ii) Commissioning	(ii)
(e) Where PERT/BAR Charts on progress of work are available, copies thereof may be furnished (should be submitted along with the first report)	(e)
(f) Exporter's Schedule	(f)
(i) Targetted/actual date of commencement of services	(i)
(ii) Targetted/actual date of completion of services	(ii)
(iii) Work completed (% of total work)	(iii)
(iv) Reasons for delay, if any.	(iv)
(g) Progress payments	(g)
(i) Total amount of work bills submitted so far	(i)
(ii) Amount of work bills certified for payment by the buyer	(ii)
(iii) Amount of work bills paid by the buyer	(iii)
(iv) Amount of work bills awaiting payment	(iv)
(v) Reasons for delayed/with held payment	(v)
(h) In case of deferred credit for services, please indicate the progress of payments	(h)
(i) Amount receivables (showing the due dates from the beginning of the contract till the date of the report)	(i)
(ii) Amounts paid by foreign buyers	(ii)
(iii) Amounts actually repatriated to India	(iii)

VII. Progress Payment (i) Total value of contract (ii) Bills submitted (i) Bills certified (ii) Bills paid (iii) Bills outstanding (iv) Amount repatriated to India so far (v) Reasons for delay (vi) Physical completion of contract	(i) Rs. (ii) Rs. (iii) Rs. (iv) Rs. (v) Rs. (vi) Rs. (vii) (viii) %
VIII. Third country imports (a) Total value as per Contract (b) Particulars of orders placed with suppliers (c) Anticipated/Actual date of commencement of shipment (d) Anticipated/Actual date of completion of shipment	(a) (b) (c) (d)
IX. Machinery / equipments etc. required for execution of the contract. (a) Procured on hire / lease basis (b) Purchased abroad out of project funds / overseas borrowings (c) Exported from India on reimport basis (d) Transfers from other projects (e) Out of the above, machinery / equipments valued at (c) have been (i) Reimported into India (ii) Sold abroad / scrapped (iii) Transferred to other projects (iv) Amount of depreciation charged to the project (v) Amount repatriated	(a) (b) (c) (d) (e) (i) (ii) (iii) (iv) (v)

X. Arrangements abroad (a) Has any overdraft in foreign currency been raised abroad? If yes, please indicate (i) Name & address of the lending bank (ii) Amount of overdraft limit (iii) Security offered (iv) Number and date of Approving authority / RBI's approval (v) Amount of overdraft availed so far (vi) Amount repaid (vii) Amount outstanding (b) Has any commission/fee been paid to overseas agents? If so, please indicate (i) Name and address of the overseas agent (ii) Amount of commission paid so far (iii) Whether commission has been remitted from India or paid from abroad (with details)	(a) (i) (ii) (iii) (iv) (v) (vi) (vii) (b) (i) (ii) (iii)																
XI. ECGC and Forward Exchange Cover (a) Nature of policy obtained, amount and validity thereof (b) Are declarations of exports being promptly made to ECGC? (c) Particulars regarding forward exchange cover																	
XII. Credit and Guarantee facilities (a) Advance Payment Guarantee (b) Performance Guarantee (c) Guarantee for borrowings abroad/ remittance on repatriation basis (d) Retention Money Guarantee (e) Pre-shipment credit (f) Finance against deferred receivables (g) Other facility (to be specified)	<table border="1"> <thead> <tr> <th data-bbox="890 1361 1209 1406">Name of Bank</th> <th data-bbox="1209 1361 1487 1406">Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="890 1406 1209 1496">(a)</td> <td data-bbox="1209 1406 1487 1496"></td> </tr> <tr> <td data-bbox="890 1496 1209 1585">(b)</td> <td data-bbox="1209 1496 1487 1585"></td> </tr> <tr> <td data-bbox="890 1585 1209 1675">(c)</td> <td data-bbox="1209 1585 1487 1675"></td> </tr> <tr> <td data-bbox="890 1675 1209 1765">(d)</td> <td data-bbox="1209 1675 1487 1765"></td> </tr> <tr> <td data-bbox="890 1765 1209 1854">(e)</td> <td data-bbox="1209 1765 1487 1854"></td> </tr> <tr> <td data-bbox="890 1854 1209 1944">(f)</td> <td data-bbox="1209 1854 1487 1944"></td> </tr> <tr> <td data-bbox="890 1944 1209 1989">(g)</td> <td data-bbox="1209 1944 1487 1989"></td> </tr> </tbody> </table>	Name of Bank	Amount	(a)		(b)		(c)		(d)		(e)		(f)		(g)	
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(a)																	
(b)																	
(c)																	
(d)																	
(e)																	
(f)																	
(g)																	
XIII. Remittance facilities from India (a) Total amount of exchange released	(a)																

(i) By AD under delegated authority	(i)
(ii) Against RBI approval No. ----- ----- dated-----	(ii)
(b) Amount actually remitted	(b)
(c) Due date/s for repatriation	(c)
(d) Amounts repatriated	(d)
XIV. Particulars of repatriations	(Amount in Rs.)
(a) Supply of goods	Upto last During the <u>Total</u>
(b) Supply of services	<u>half year</u> <u>half year</u>
(c) Reimbursement of rupees expenses (actuals)	
(d) Reimbursement of non-cash expenses debited	
(e) Against remittances from India	
(f) Profit	
(g) Others (specify)	
XV. Any other information which exporter may like to furnish (such as Inter-Project transfer of funds, etc.)	

We hereby certify that the particulars given above are true to the best of our knowledge and belief.

Official) Date :	STAMP	 (Signature of Authorised Name: Designation: Name & address :----- of firm/company
--------------------------------------	---------------------	---

CERTIFICATE OF AUTHORISED DEALER

It is certified that the particulars furnished above have been verified with reference to the records maintained by the bank and the same have been found to be correct

Date :	STAMP	 (Signature of Authorised Official) Name: Designation:
---------------------	---------------------	---

Annexure to Form DPX 2
(Item IV of Form DPX 2)

1. Information on back-to-back arrangements with sub-suppliers

Name of sub-supplier	Brief description of goods/services to be rendered	Value of back-to-back contract	Date of signing of back-to-back contract
----------------------	--	--------------------------------	--

Name of Bankers	Position regarding credit facilities with banks	Position regarding receipt of advance payment/ performance guarantees from sub suppliers
-----------------	---	---

DPX 3
(Paragraph B.11(ii) of PEM)

Application for extending Buyer's Credit in connection with export of capital goods from India under the
Exim Bank's Buyer's Credit Scheme
(to be completed in triplicate by an authorised dealer participating in the credit)

1. Name and address of the exporter and Exporter's Code No.		
2. Name and address of the foreign buyer		
3. Names of other banks/financial institutions participating in the scheme and the ratio of participation agreed to		
4. Total value of the contract	Amount in Foreign currency	Approx. rupee equivalent
5. Break-up of the amount of the contract		
(a) India	(a)	
(i) Cost of materials to be exported from India.	(i)	
(ii) Other charges for services to be provided from India.	(ii)	
(b) Country in which the works are to be executed	(b)	
(i) Goods and materials purchased locally	(i)	
(ii) Other charges for services to be provided from that country including finance charges, insurance and transport	(ii)	
(c) Third countries	(c)	
(i) Goods and materials	(i)	
(ii) Other charges for services including finance charges, insurance and transport	(ii)	
	Total	_____
6. Whether the contract is taken up alone or jointly with any overseas party; if so, please give full details of the arrangement		
7. Estimated foreign exchange receipts of the contract		
8. Full details of terms of payment:		
(a) Exports from India	(a)	
(i) Description	(i)	
(ii) Quantity	(ii)	
(iii) Value	(iii)	
(iv) Whether on CIF, C&F or FOB terms	(iv)	
(v) Anticipated date of shipment	(v)	
(vi) Anticipated date of completion of shipment	(vi)	
(vii) Currency in which payment will be received	(vii)	
(viii) Advance payment	(viii)	
(ix) Payment against shipping documents	(ix)	
(b) Third country supplies	(b)	
(i) Terms of payment agreed to with supplier	(i)	
(ii) Terms of payment agreed to with the buyer	(ii)	

(c) Local supplies and erection/commissioning (i) Terms of payment agreed to with the buyer (ii) Currency of payment (iii) Place of payment	(c) (i) (ii) (iii)
9. Whether any bank account has been opened abroad in connection with the work; if so, details thereof	
10. (a) Whether the manufacture of the goods exported from India involves import of raw materials/components; if so, a broad description of the imports needed and value thereof (b) Whether any import licence has been issued (c) Extent of export incentives available on the export of goods/services from India	(a) (b) (c)
11. Whether the shipments to the overseas buyer will be effected in foreign vessels and if so, details of the freight payable (applicable in the case of C&F and CIF contracts)	
12. The amount of credit to be granted to the foreign buyer/banker. Please furnish brief details of financing. (Ratio of participation by the financing institutions in the credit scheme)	
13. Details of repayment of the credit by the foreign buyer (a) Schedule of repayment agreed upon (Schedule may be enclosed separately) (b) Rate of interest on credit (c) Currency of repayment (d) Exchange risk, if any	(a) (b) (c) (d)
14. Is there any guarantee for repayment of the credit by the foreign buyer? If so, details thereof. If not, what is the security for the credit proposed to be granted?	
15. Has the ECGC cover been obtained?	
16. Whether any commission is payable to any foreign agent? If so, what is the rate and whether Approving authority has approved the commission payment?	

17. Whether any promotional expenses are involved? If so, details thereof	
18. (a) Does the export transaction involve any tender/bid? (b) If so, whether by earnest money Deposit or against bid bond / guarantee	
19. Any other relevant information	

We hereby certify that the above particulars are true in all material aspects.

We undertake to have all exports under the above arrangement declared on GR etc. forms in accordance with the existing regulations.

We undertake to repatriate amount of credit granted to the foreign buyer and the interest thereon in an approved manner and as per schedule approved by the Reserve Bank.

We affirm that the above arrangement has been/will be drawn up in accordance with the Buyer's Credit Scheme of the Exim Bank.

STAMP

Date:.....

.....
 (Signature of Authorised Official)
 Name :.....
 Designation :.....
 Name & address :.....
 of Authorised Dealer
 (Participating Bank).....

PEX 1
(Paragraph B 7 (i) of PEM)

**Application to be submitted by contractors after award
of overseas construction contracts**

A. Instructions:

The application should be completed in six copies and submitted to an authorised dealer alongwith six copies of the contract, within fifteen days of entering into contract with the overseas buyer.

B. Documentation :

1. Certified copies of the documents listed in item 23 of the application form

PART A - GENERAL

1. Details of the applicant (contractor)	
(a) Name and address of the firm/company	(a)
(b) Exporter's code No.	(b)
(c) Name/s of the proprietor/partners/directors	(c)
(d) Foreign collaboration (including foreign capital), if any, and terms of collaboration	(d)
(e) Main lines of activity (varieties of civil engineering works)	(e)
(f) Annual turn-over (Mention main items of construction/civil engineering works executed in India and their value)	(f)
(g) Broad particulars of construction contracts executed abroad during the last three years and their value, giving nature and value of goods exported, civil works executed (country-wise)	(g)
(h) Brief descriptive account of the firm covering the technical, financial and management aspects	(h)
(i) Whether the applicant is on the approved list of PEPC (MOC) ?	(i)
(j) Details of the overseas contracts with which the firm is associated (country, nature of the contract, value, present position)	(j)
(a) Contracts under execution	(a)
(b) Contracts awarded and to be taken up	(b)
(c) Contracts tendered for and not yet decided, indicating the prospects	(c)

2. Name and address of the overseas buyer: (i) Nature of constitution indicating private, public sector or Government undertaking (ii) If there is any Indian participation in the capital structure, etc. of the overseas employer, broad details may be indicated (iii) Main lines of activity	(i) (ii) (iii)
3. Status of exporter : State whether Prime Exporter or Consortium Member (a) If a Prime Exporter - (i) Name/s and address/es of major sub-supplier/s (ii) Nature of goods/services relating to each sub-supplier/s and value thereof (iii) Payment and other back-to-back arrangements with sub-supplier/s (iv) Past experience of major sub-supplier/s (v) Details of banking arrangements made by sub-suppliers for the contract NOTE: If prime exporter is a sub-supplier to a foreign principal other than the overseas buyer, Annexure I may be completed (b) If a member of a consortium or joint bidder (i) Name and address/es of the bidder (ii) Nature of goods/services relating to leader/each consortium member and value thereof (iii) Payment and other back-to-back arrangements with leader/other consortium members (iv) Past experience of leader/consortium member (v) Details of banking arrangements made by leader/consortium members for the contract NOTE: If the contract is jointly with a foreign party, information on the lines of Annexure I should be furnished	(a) (i) (ii) (iii) (iv) (v) (b) (i) (ii) (iii) (iv) (v)

4. Details of construction contract	
(a) Date of signing	(a)
(b) Effective date	(b)
(c) Brief description of the contract giving scope of work	(c)
(d) Contract value:	(d)
(i) In foreign currency	(i)
(ii) Equivalent Indian Rupees	(ii)
(iii) Exchange Rate	(iii)
(e) Break-up of contract value	(e) (Rs.in lakhs)
	Goods Services Total
Indian	
Third country	
Local	

Total :	-----
(f) Brief description of goods	(f)
(i) Export from India	(i)
(ii) Supply from third country	(ii)
(iii) Local supply	(iii)
(g) Brief description of service offered	(g)
(h) Details of provision for escalation, if any, for goods and services	(h)
(i) Provisions in the contract in respect of the following (attach a separate sheet, if necessary)	(i)
(i) Penalties/liquidated damages and ceiling, period of delay for which minimum penalty becomes applicable, may also be indicated	(i)
(ii) Price escalation	(ii)
(iii) Force majeure	(iii)
(iv) Arbitration	(iv)
(v) Law governing the contract	(v)

5. Payment terms	% Amount
(a) Advance Payment (state when receivable)	(a)
(b) Down payment	(b)
(c) Progress payment	(c)
(d) Retention money (state when receivable)	(d)
(e) Deferred payment	(e)
(f) Terms of deferred payment	(f)
(i) Period of credit (years)	(i)
(ii) Number of instalments for repayment of principal	(ii)
(iii) Intervals at which instalments will be Receivable	(iii)
(iv) Date with reference to which the due dates of instalments will be fixed	(iv)
(v) Moratorium/Grace period, if any	(v)
(vi) Rate of interest on deferred credit	(vi)
(vii) Period at which interest will be receivable	(vii)
6. Currency of payment	
(i) In respect of supply of goods	(i)
(ii) In respect of services portion	(ii)
(iii) If currency of payment is Indian Rupees, whether payments will be received under any bilateral trade and payments agreement	(iii)
(iv) If currency of payment is not Indian Rupees, will there be an exchange variation clause ? If not, how is exchange risk proposed to be covered ?	(iv)
7. Security	
Nature of security to be furnished by the buyer for:	
(a) Down payment	(a)
(b) Progress payment	(b)
(c) Deferred receivable and interest	(c)

8. Foreign Exchange Outgo (a) Break-up (i) CIF cost of raw materials and components proposed to be imported into India for the execution of the order or value of import replenishment entitlement whichever is higher NOTE: If the item of export is not manufactured by the exporter, then this information should be collected and furnished here by the exporter. (ii) Freight on exports (iii) Third country imports (iv) Agency commission/fees (v) Interest on overseas borrowings / other charges (vi) Remittances of royalty payment, if any, and Exchange Control approval therefor (vii) Others (specify) Total: (b) Nature of raw materials and components to be imported into India	Amount Percentage of Contract Value
9. Third country imports : (i) Value of items to be procured from third country sources - (ii) Terms of payment for third country imports (iii) Details of financing arrangements, if any, required abroad by the exporters	(i) Amount (Rs.in lakhs) (a) Material (b) Machinery (c) Equipment Total.. (ii) (iii)

10. Construction equipment required for execution of the contract (a) to be exported from India (i) List of equipment and values (ii) Name/s of the supplier/s (iii) terms of payment (b) to be imported from third country (i) List of equipment and values (ii) Name/s of the supplier/s (iii) Terms of payment (c) to be transferred from other projects (i) List of equipment & values (ii) Name of the project & country (d) Total value of machinery and equipment [(a) + (b) + (c)] (e) Estimated value of the above equipment etc. on reimport/sales after completion of contract(i.e. after depreciation)	(a) (i) (ii) (iii) (b) (i) (ii) (iii) (c) (i) (ii) (d) (e)
11. Arrangement for procurement Please furnish information regarding tie-ups for sub-contracting and services as in Annexure II	
12. Time schedule (in months) (a) Commencement (approx.date) (b) Completion (c) Maintenance period, if any	(a) (b) (c)
13. Plan for execution of contract (a) Mobilisation plan for men and materials (b) Proposed programme of work with time schedule, PERT and Bar Chart	(a) (b)

14. Manpower requirements	(a) Personnel Indian Local Total
(a) Number of experts and skilled and unskilled workers required and the manner in which they would be employed in the importing country giving the number of persons required to be sent abroad from India	Managerial Supervisory Skilled Unskilled ----- Total ...
(b) (i) Total salaries and wages etc. provided for in the contract	(b) (i)
(ii) How salaries and wages etc. will be paid in foreign currency in case of deferred payment contract?	Foreign currency Local Currency Rupees ----- Total... -----
(c) Are there any minimum wages and other labour laws prevailing in the importing country ? If so, particulars thereof may be given	(ii)
(d) Are there any restrictions on the employment of outside labour in the importing country ?	(c)
(e) What is the position of availability of required skilled and unskilled labour in the importing country ?	(d)
(f) What are the general living conditions regarding accommodation, water and power in the area where the contract is to be executed?	(e)
(g) Brief account on Taxation provisions affecting repatriation of salary and profits	(f)
	(g)

15. Overseas organization proposed to execute the contract (a) Place/s where site/liaison office/s will be required (b) Staff and organization at the site/liaison office (c) Estimated expenditure on the site/liaison offices (d) Who will be the leader of the overseas work? What is his background? (e) What are the special arrangements proposed by the Head Office to co-ordinate and monitor the progress?	(a) (b) (c) (d) (e)
16. Overseas expenditure Amount and nature of overseas expenditure involved [Please attach currency-wise cash-flow statement (monthly or quarterly) for Indian, third country and local portion (separately) covering the contract period including maintenance]	
17. Agency commission (a) Name and address of overseas agent (b) Nature of services to be rendered by agent (c) Percentage and amount of commission payable	(a) (b) (c)
18. Details of foreign currency/local borrowings, if any required for execution of the contract (i) Amount of foreign currency/local borrowing at the peak level (submit a detailed cash-flow chart) (ii) Name and address of the bank from whom borrowing is proposed to be raised (iii) Projection of interest liability (submit a detailed cash-flow chart) (iv) By which period (state month and year) borrowings will be liquidated	(i) (ii) (iii) (iv)

19. Estimated foreign exchange repatriation to India	(Rs.in Lakhs) Amount (a)Supply from India (goods & services) (b)Overheads (c)Profits (d)Others ----- Total -----
20. Profitability estimated (Amount and percentage) (Please furnish detailed cost and profitability as per Appendix II)	
21. Other details (a) Whether the project is being financed by World Bank/ Asian Development Bank etc. and whether covered by budget allocation (b) If the contract forms part of a large project, brief details of the overall project (c) Details regarding project consultants (d) Procedure for certification of bills and time span at each stage for passing the bills and receiving payments (e)(i) Procedure for provisional and final take over of the project (ii) Safeguards provided in the contract in case the employer does not take over the project within the reasonable time	
22. Any other relevant information pertaining to the contract	

23. Documents to be attached with the application (Attach certified true copies) (a) Balance Sheets and statements of Profit and Loss Account of the exporter for the last 3 years (b) Export contract with amendments, if any (6 copies) (c) Letter of Credit or Letter of guarantee received by the exporter (d) Agreements with sub-suppliers/other members of consortium (e) Letter, if any, from the exporter's bankers communicating the terms of sanction of guarantee and/or credit facilities for the contract (f) The following further statements are to be attached: (i) Statement showing total value of machinery and construction materials required for execution of contract in Appendix I (ii) Estimates of cost of construction and profitability in Appendix II (iii) Details of prime/joint foreign contractors in Annexure I to this form. Copies of recent Annual Reports and write-up on activities of the leader And other members of the consortium/joint bidders should also be furnished. (iv) Details of sub-contractors in Annexure II to this form. Copies of recent Annual Reports and write- up on activities of sub-contractors should also be furnished (v) Currency-wise cash flow and consolidated cash flow statements for the project.	(a) (b) (c) (d) (e) (f) (i) (ii) (iii) (iv) (v)
---	--

PART B - FACILITIES REQUIRED BY EXPORTER

1. Banking Arrangements Name/s and address/es of the bank/s in India from whom facilities are proposed to be obtained				
2. Facilities Required	Amount Rs. Lakhs	Period for which required		
(a) Fund-based Facility	(a)			
(i) Preshipment credit	(i)			
(ii) Deferred Credit	(ii)			
(iii) Credit against export incentives	(iii)			
(iv) Other credit facilities (Please specify)	(iv)			
(b) Non-funded Facilities				
	As%of Contract Value	Currency of issues & amount	Equivalent Indian Rs. in lakhs	Period
(i) Advance payment guarantee				
(ii) Performance guarantee				
(iii) Retention Money guarantee				
(iv) Guarantee for borrowings abroad (please furnish currency wise cash flows in support)				
(v) Other guarantees and L/Cs etc. (Please specify)				
(Please attach specimen forms of guarantee/s to be furnished)				

3. Other facilities	Number	Location
(i) Site office/s overseas		
(ii) Liaison office/s overseas		
(iii) Overseas bank account/s currency-wise (if more than one account is required, reasons thereof)		
(iv) Agency commission (amount and percentage)		
(v) Initial remittance / transfer from other projects if any, required (subject to repatriation to India / retransfer) within _____ months).		
(vi) Any other facilities (please specify)		
4. Risks Cover		
(i) Type of cover from ECGC (Political/ Comprehensive/Specific Services Contracts Policy etc.)		
(ii) Counter guarantees		

We hereby apply for post-award approval for the above overseas civil construction contract as per details furnished above. We certify that the particulars given above are true to the best of our knowledge and belief.

STAMP

Place:.....

Date:

Name:.....

.....
(Signature of Authorised Official)

Designation:

.....

ANNEXURE I TO FORM PEX 1
[Note under 3(a) and 3(b) of PEX 1]

**Details of Foreign Contractor
(where applicable)**

To be completed where the Indian exporter is a sub-supplier to/joint bidder with a foreign prime contractor. (Please furnish the details on the foreign prime contractor, joint bidder/s or consortium members as applicable).

(a) Name and address (b) Nature of goods and services relating to each member (c) Approximate value of offer by each member (d) Whether payment terms are on back-to-back basis (Yes/No) (e) Mode of receipt of payment (f) Details of banking arrangement made for the offer (g) Past experience of foreign prime contractor/members/joint bidders (h) Whether banker's report furnished on each member (Yes/No) (i) Details of past dealings of exporter with each member/joint bidder (j) Details of inter se arrangement among consortium members	
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ANNEXURE II to Form PEX 1

[Item No 11 of PEX 1]

Details of Main Sub-contractors for Services

Brief Description Specification of Services	Contractor 's Name	Approx. Value of Sub- contract	Firm Offer (Yes/No)	Date till which valid	Details of Warranty/ Bank Guarantee (if any)
A. Indian Sub-Total (A)					
B. Local Sub-Total (B)					
C. Third Country Sub-Total (C)					

Appendix I to Form PEX 1

[Item No. 23(f)(I) of PEX 1]

**Total value of machinery, construction equipment and
materials required for the execution of the contract**

(Amounts in lakhs of rupees)

	Value of items to be exported from India	Value of items to be purchased in the country where the contract is to be executed	Value of items to be purchased from third countries	Value of items to be trans- ferred from other projects	Total Value
1. Machinery required to be installed as part of the project@					
2. Construction equipment*					
3. Materials required for construction*					

@ The particulars of the major items included under this head may be furnished as under:

Description of the machinery

Value (in lakhs of rupees)

* The value shown against these heads should tally with that shown against item 10 of the application

Appendix II to Form PEX 1
[Item No.23(f)(ii) of PEX 1]

Estimates of cost of construction and profitability

(Amounts in lakhs of rupees)

	Domestic costs	Foreign exchange costs	Local currency costs	Total
1. Cost of goods				
(i) Raw materials and components (excluding duties) indigenous				
Imported: (a) into India				
(b) direct into importing country				
(ii) Machinery and equipment other than that required for use in contract (i.e. supplied for installation)				
2. Direct labour				
3. Depreciation on equipment used (purchase price minus estimated realisable value on completion)				
4. Royalty on export sales				
5. Overseas agent's commission				
6. Other commission and service charges/ Interest on borrowings abroad				
7. Interest at the pre-shipment stage				
Interest at Post-shipment stage				
8. ECGC cover				
9. Packing charges				
10. Other administrative and selling expenses				
11. Taxes and duties- (i) Excise duties				
(ii) Import duties				
(iii) Taxes (specify)				
12. Overheads not covered by the above				
13. Contingencies				
14. Miscellaneous				
Sub Total				

Less cash incentives from Government

- (i) Duty draw-back _____
- (ii) Others (specify) _____

Add net profit/minus net loss

Sale price

PEX 2
(Paragraph D. 4(I) of PEM)

The (the name of the concerned Authorised dealer)

Dear Sirs,

Undertaking to re-import equipment taken abroad

In consideration of the permission granted to us to take out to _____
(name of the country)
certain equipment, particulars of which are given in the Schedule hereto, in connection with
the execution of a contract entered into by us with _____ and duly
approved by the approving authority vide letter No. _____ dated _____
we, _____ having our registered office at _____
(name of the company)

do hereby undertake that we shall on the completion of the said contract, re-import the said
equipment within one month from the date of completion of the said contract. We also
hereby undertake that any amount received by us by way of hire charges by hiring out any of
the said equipment to third parties abroad, would be repatriated within 30 days from the date
of such receipt.

We undertake that in the event of any of the said equipment becoming unusable or is such
that it is uneconomical to re-import it into India, we shall arrange to dispose of the same at
the best possible price either as a scrap or otherwise and repatriate its proceeds into India
within 30 days from the date of the said sale.

We hereby agree that for purposes of this undertaking the decision of the approving
authority, whether or not the contract is completed, would be final.

This undertaking shall be binding on our successors and assigns/our heirs/legal
representatives/heirs/administrators.

Schedule

Yours faithfully,

.....
(Signature of Authorised Official)
Name:
Designation:
Name and Address.....
of Applicant firm/company.....

Date:

TCS 1
Paragraph C.5(i) of PEM

Application to be submitted by exporters after award of contracts
for rendering managerial/technical/consultancy services abroad

Instructions :

The application should be completed in six copies and submitted to authorised dealer alongwith six copies of the contract, within fifteen days of entering into contract with the overseas buyer

Documentation :

3. Certified copies of the documents listed in item XXIII of the application form.

PART A – GENERAL	
I. Exporter	
(a) Name and address of the exporter	(a)
(b) Exporter's Code No.	(b)
(Details to be given in Annexure I)	
II. Overseas Buyer/Employer	
(a) Name and address	(a)
(b) Nature of constitution indicating whether private, public sector or Government organisation	(b)
(c) If there is any Indian participation in the capital structure, etc. of the overseas employers, broad details may be indicated	(c)
(d) Main lines of activity	(d)
(e) Explain past experience, if any with buyer/employer	(e)

III.	Name and Address of Prime Contractor (If other than overseas buyer)	
IV.	Export Contract	
	(a) Date of Signing the contract	(a)
	(b) Effective date	(b)
V.	(a) Description of the proposal mentioning the scope of work, broad description of goods, nature of services to be rendered	(a)
	(b) Total value	(b)
	(i) In foreign currency	
	(ii) Equivalent Indian Rupees	
	(iii) Exchange rate	
VI.	Break up of Contract Value	
	Indian	(Rs. in lakhs)
	Third Country	Goods Services Total
	Local	
	Total	

VII. Payment Terms (a) (i) Currency of payment with % for each currency (ii) If currency of payment is Indian Rupees, whether payments will be received under any bilateral trade and payments agreement. (iii) If currency of payment is not Indian Rupees, will there be an exchange variation clause ? If not how is exchange risk proposed to be covered (b) Advance payment Percentage and Amount (stating when receivable) (c) Down payment Percentage and Amount (d) Progress payment Percentage and Amount (e) Retention money Percentage and Amount (stating when receivable) (f) Deferred payment Percentage and Amount (g) Terms of deferred payment (i) Period of credit (Years) (ii) Number of instalments for repayment of principal/s (iii) Intervals at which instalments will be receivable (iv) Date with reference to which the due dates of instalments will be fixed (date of contract, commissioning etc.) (v) Moratorium/grace period, if any (vi) Rate of interest on deferred credit (vii) Interval at which interest will be receivable	(a) (i) (ii) (iii) (b) (c) (d) (e) (f) (g) (i) (ii) (iii) (iv) (v) (vi) (vii)
VIII. Security	

Nature of Security to be furnished by the buyers for :		(a)
(a) Down Payment		(b)
(b) Progress Payments		(c)
(c) Deferred Receivables and interest		
IX.	Time Schedule (In Months)	
	(a) Commencement (approx. date)	(a)
	(b) Completion	(b)
	(c) Maintenance period, if any	(c)
	(d) Whether time schedule furnished above is as per tender requirement. If not, reasons for change	(d)
X.	Foreign Exchange Outgo	
	(a) Break-up	(a) Item Amount Percentage
	(i) CIF cost of raw materials and components proposed to be imported into India for the execution of the order or value of import replenishment entitlement whichever is higher	(i)
	(ii) Freight on exports	(ii)
	(iii) Third Country imports	(iii)
	(iv) Agency commission/fees	(iv)
	(v) Interest on overseas borrowings and other charges	(v)
	(vi) Remittances of royalty payment, if any, and Exchange Control approval therefor.	(vi)
	Total	
	(b) Nature of raw materials and components to be imported into India	(b)

XI. Third Country Imports (a) Total Value (b) Nature of imports, estimated cost, names of suppliers, country of supply, schedule of delivery, price and terms of payment quoted to ultimate buyers and profits and mark up (Attach statement) (c) Payment terms for third country imports vis-à-vis terms offered by overseas buyers. Would any letter of credit be opened on back-to-back basis ? If not how financing of third country imports will be done should be precisely explained. (d) Currencies of payment (e) Details of financing arrangements, if any, required abroad by the exporters	(a) (b) (c) (d) (e)
XII. Agency Commission (a) Name and address of overseas agent (b) Nature of services to be rendered by agent (c) Percentage and amount of commission payable	(a) (b) (c)
XIII. Cost and Profitability Estimated net profits (Please furnish detailed cost and profitability as per Annexure II).	Amount Percentage

XIV. Status of Exporter State whether Prime Exporter or Consortium Member/Joint Bidder	
(a) If a Prime Exporter – (i) Name and address/es of major sub-supplier/s (ii) Nature of goods/services relating to each sub- supplier/s and value thereof (iii) Payment and other back-to-back arrangements with sub-supplier/s (iv) Past experience of major sub-supplier/s (Recent Annual Report and write-up on their activities to be furnished) (v) Details of banking arrangements made by sub-suppliers for the contract. (NOTE: If prime exporter is sub-supplier to a foreign principal other than the overseas buyer, Annexure III may be completed)	(a) (i) (ii) (iii) (iv) (v) (b)
(b) If a member of consortium/joint bidder (i) Name and address of the leader (ii) Nature of goods/services relating to leader/each consortium member, and value thereof (iii) Payment and other back-to-back arrangements with leader/other consortium members (iv) Past experience of leader/consortium members (Recent Annual Reports and write-up on activities to be furnished) (v) Details of banking arrangements made by leader/consortium members for the contract (NOTE : If the contract is signed jointly with foreign party, information on the lines of Annexure III may be completed)	(i) (ii) (iii) (iv) (v)
XV. Supply of Manpower	
(a) Number of experts and skilled and unskilled	

workers required and the manner in which they would be employed in the importing country giving the number of persons required to be sent abroad from India	Personnel India Local
	Managerial Supervisory Skilled Unskilled
Total	
(b) (i) Total salary and wages etc. provided for in the contract	(b) (i)
	(Rs. In Lakhs)
	Foreign Currency
	Local
	Total
(ii) How salary and wages etc. will be paid in foreign currency in case of deferred payment contract	(ii)
(c) Are there any minimum wages and other labour laws prevailing in the importing country? If so, particulars thereof may be given	(c)
(d) Are there any restrictions on the employment of outside labour in the importing country ?	(d)
(e) What is the position of availability of required skilled and unskilled labour in the importing country?	(e)
(f) What are the general living conditions regarding accommodation, water and power in the area where the contract is to be executed	(f)
XVI. Arrangement for Procurement Please furnish information regarding tie-ups for sub-contracting and services as per Annexure IV	

XVII. Equipment, Tools and Tackles (a) Particulars and value of construction equipment, tools and tackles and materials required from India, third country and country where project is to be executed for execution of the contract. (b) Estimated value of the above equipment etc. on reimport/sales after completion of contract	(a) (b)
XVIII. Plans for Execution of Contract (a) Mobilisation plan for men and materials (b) Proposed programme of work with time schedule, PERT and Bar Chart	(a) (b)
XIX. Overseas Organisation Proposed to Execute the Contract (a) Place/s where site/Liaison Office/s will be required (b) Staff and Organisation at the Site/Liaison Office (c) Estimated expenditure on the site / offices (d) Who will be the leader of the overseas work ? What is his background ? (e) What are the special arrangements proposed by the Head Office to co-ordinate and monitor the progress?	(a) (b) (c) (d) (e)
XX. Overseas Expenditure Amount and nature of overseas expenditure involved [Please attach currency-wise cash-flow statement (monthly or quarterly) for Indian, third country and local portion (separately) covering the contract period including maintenance]	

XXI. (a) Provisions in the contract in respect of the following (i) Penalties/Liquidated damages and ceiling, period of delay for which minimum penalty becomes applicable, may also be indicated (ii) Price escalation (iii) force majeure (iv) Arbitration (v) Law governing the contract [items (iii) and (iv) should invariably be included in the contract] (b) Brief account on Taxation provisions affecting repatriation of profit and salaries	(a) (i) (ii) (iii) (iv) (v) (b)
XXII. Any other information	
XXIII. Documents to be attached with the application (attach certified true copies) (a) Balance sheets and profit and loss accounts of the exporter for the last 3 years (b) Export contract with amendments, if any (6 copies) (c) Letter of credit or Letter of guarantee received by the exporter (d) Agreements with sub-suppliers/other members of Consortium (e) Letter, if any, from the exporter's banker communicating the terms of sanction of guarantee and/or credit facilities for the contract (f) The following further statements are to be attached (i) Statement of cost and profitability of the export transaction on the lines indicated in Annexure II (ii) Statement of probable period of utilisation of the post-shipment credit as per Enclosure (iii) Cash flow statements in the case of turnkey projects (g) Details of foreign contractor in Annexure III (h) Details of sub-contractors in Annexure IV	(a) (b) (c) (d) (e) (f) (i) (ii) (iii) (g) (h)

PART B – FACILITIES REQUIRED BY EXPORTER

(1) Banking Arrangement Name/s and address/es of the banks in India from whom facilities are proposed to be obtained																															
(2) Facilities (a) Funded Facilities (i) Preshipment credit (ii) Deferred credit (iii) Credit against export incentives (iv) Other credit facilities (please specify) (b) Non-funded Facilities (i) Advance payment guarantee (ii) Performance guarantee (iii) Retention Money guarantee (iv) Guarantee for borrowings abroad (please furnish currency-wise cash flow in support) (v) Other guarantees and L/Cs etc. (please specify) (Please state period of guarantee against each item.)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 20%; text-align: center;">Amount</td> <td style="width: 50%; text-align: center;">Period for which required</td> </tr> <tr> <td></td> <td style="text-align: center;">Rs. Lakhs</td> <td></td> </tr> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 15%; text-align: center;">As%of the con-tract value</td> <td style="width: 15%; text-align: center;">Currency of issue and amount</td> <td style="width: 40%; text-align: center;">Equivalent Indian Rupees (Lakhs)</td> </tr> <tr> <td style="vertical-align: top;">(i)</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">(ii)</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">(iii)</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">(iv)</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">(v)</td> <td></td> <td></td> <td></td> </tr> </table>		Amount	Period for which required		Rs. Lakhs			As%of the con-tract value	Currency of issue and amount	Equivalent Indian Rupees (Lakhs)	(i)				(ii)				(iii)				(iv)				(v)			
	Amount	Period for which required																													
	Rs. Lakhs																														
	As%of the con-tract value	Currency of issue and amount	Equivalent Indian Rupees (Lakhs)																												
(i)																															
(ii)																															
(iii)																															
(iv)																															
(v)																															

(3) Other Facilities	Number	Location
(i) Site office/s overseas	(i)	
(ii) Liaison office/s overseas	(ii)	
(iii) Overseas bank account/s (if more than one is required, reasons thereof)	(iii)	
(iv) Agency commission (amount and percentage)	(iv)	
(v) Initial remittance required (Rs.)/ Inter project transfers subject to repatriation / retransfer within months)	(v)	
(vi) Any other facilities (Please specify)	(vi)	
(4) Risks Cover		
(i) Type of cover from ECGC (Political/Comprehensive/ Specific Services contract policy etc.)	(i)	
(ii) Counter guarantees	(ii) ECGC / Govt. of India	

We apply for grant of approval for exports on Cash/Deferred payment terms as per details furnished above. We hereby certify that the particulars given above are true to the best of our knowledge and belief.

Stamp

Place :

Date :

.....
(Signature of Authorised Official)
Name :
Designation :

Enclosure to Form TCS 1
(Item XXIII (f)(ii) of Form TCS1)

Projections of post-shipment credit requirements

	Quarter	Quarter	Quarter	Half	Half	Half	Total
	1	2	3	Year	Year	Year	
	1	2	3	1	2	3	
1 Outstanding at the beginning							
2 Advances availed of during the period							
3 Total of 1 & 2							
4 Less instalments, if any, received from the importer							
5 Outstandings at the end of the period							

NOTE : Quarterly figures to be given till the limit is expected to be fully drawn; thereafter, figures may be furnished at quarterly/half-yearly/yearly intervals depending on the receipt of the deferred instalments.

ANNEXURE I to Form TCS 1
(Item 1 of Form TCS 1)

Information on the Exporter

(a) Name (b) Registered Office (c) Branch Offices (d) Constitution (i) Public Limited Company (ii) Private Limited Company (iii) Partnership firm (iv) Proprietary concern (e) Code No. (f) Location of factories, if any (g) Name/s of the Proprietor/Partners/Directors (h) Year of establishment/incorporation and commencement of operation (i) Main line of activities (give details of range of activities, fields of range of activities, fields of specialization) (j) Details of operations for the last three years : (i) No. of consultancy/technical jobs executed (ii) Sales turnover (iii) Of which export turnover (iv) Of which consultancy turnover (k) No. and value of consultancy/technical etc. services job on hand (i) Overseas (ii) Domestic (l) Financial Position (for 3 years)	(a) (b) (c) (d) (i) (ii) (iii) (iv) (e) (f) (g) (h) (i) Years (j) (i) (ii) (iii) (iv) (k) (i) (ii) (l)				
Financial Results (As of)	Paid-up Capital	Tangible Network	Turnover	Profit Before Tax	Profit After Tax
(years)					
(i)					
(ii)					
(iii)					

ANNEXURE II to Form TCS 1
(Item XIII and XXIII (f)(i) of Form TCS1)

Cost and Profitability Statement

Details	Rupee Costs	Foreign Currency Costs	Local Currency Costs	Total
1. Materials	1			
(a) Indigenous	(a)			
(b) Imported into India (including canalized items)	(b)			
(c) Direct into importing country (CIF Value)	(c)			
2. Know-How/Technical Assistance	2			
3. Salary and Wages of Technical and Other Personnel	3			
4. Description of Equipment at Site	4			
5. Overheads (Accommodation etc.)	5			
6. Air Travel	6			
7. Taxes and Duties (%)	7			
(a) Excise Duties	(a)			
(b) Import Duties	(b)			
(c) Taxes (please specify)	(c)			
8. Royalty on Exports	8			
9. Agent's Commission/Fee (%)	9			
10. Finance Charges (Including pre/post shipment interest, guarantee commission etc.)	10			
11. ECGC Premium	11			
12. Miscellaneous Costs (Please specify)	12			
13. Contingencies and Provisions	13			
(a) Cost escalation @	(a)			
(b) Negotiating Margin %	(b)			
(c) Contingency %	(c)			
(d) Others (please specify) %	(d)			
14. Freight Outwards	14			
15. Insurance	15			
16. Total Cost	16			
17. Contract Receipts (Currency wise)	17			
18. Profit (17-16)	18			
19. Export Incentives	19			
(a) Duty Drawback	(a)			
(b) Others	(b)			
20. Net Profit (18 + 19) %	20			

@ as % of Contract Value Conversion Rates : US \$ = Rs. £ = Rs. DM = Rs.

ANNEXURE III to Form TCS 1
(Item No.XIV and Item No. XXIII(g) of Form TCS1)

Details of Foreign Contractor

To be completed where the Indian exporter is a sub-supplier to/joint bidder with a foreign prime contractor. (Please furnish the details on the foreign prime contractor, joint bidder/s or a consortium members, as applicable)

(a) Name and address (b) Nature of goods and services relating to each member (c) Approximate value of offer by each member (d) Whether payment terms are on back-to-back basis (Yes/No) (e) Mode of receipt of payment (f) Details of banking arrangements made for the offer (g) Past experience of foreign prime contractor/consortium member/joint bidder (h) Whether banker's report furnished on each member (Yes/No) (i) Details of past dealings of exporter with each consortium member/joint bidder (j) Details of inter se arrangements among consortium members	
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Annexure IV to Form TCS 1
(Item XVI and XXIII(h) of Form TCS1)

Details of Main Sub-contractors for Services

Brief Description/ Specification of Services	Contractor's Name	Approx. Value of Sub-contract	Firm Offer (Yes/No)	Date till which valid	Details of Warranty/Bank Guarantee (if any)
A. Indian Sub-total (A)					
B. Local Sub-total (B)					
C. Third Country Sub-total (C)					