

# World of Business



MAHRATTA CHAMBER OF COMMERCE,  
INDUSTRIES & AGRICULTURE

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**Mahratta Chamber of Commerce, Industries and Agriculture**

S. B. Road, Pune 411016 Tel No. 020-25709000 , Complied by : Pramod Potbhare

## **Custom**

**Circular No.07/2020-Customs**

F. No. 467/34/2006-Cus.V  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Indirect Taxes & Customs  
\*\*\*\*\*

North Block, New Delhi  
Dated the 05<sup>th</sup> February, 2020

To,

All Principal Chief Commissioners/Chief Commissioners of Customs,  
Principal Directors General/Directors General of Customs,  
Principal Commissioners/Commissioner of Customs.

Madam/Sir,

**Subject: Valuation of second hand machinery -regarding**

Representations have been received from the trade regarding Circular No. 25/2015 – Customs dated 15<sup>th</sup> October, 2015 on valuation of second hand machinery. For this purpose, the circular requires customs to rely upon inspection report either issued at the port of loading by overseas Chartered Engineer or issued upon import by a pre-shipment inspection agency (PSIA) notified by DGFT, or by a chartered engineer empanelled by the Custom House where the DGFT approved PSIA's are not available.

2. It has been represented that the PSIA's empanelled by DGFT are insufficient in number leading to delay in clearances. It has also been informed that PSIA's empanelled by DGFT are not qualified for appraising second hand machinery.

3. In this regard, DGFT vide O.M. No. 01/93/180/51/AM-16/PC II(B)/E-1500/176 dated 3<sup>rd</sup> September 2019, has clarified that PSIA's are meant only for certifying that consignments of metal scrap are free of radio-active agents and explosives. The PSIA's are not required to be qualified as engineers. Also, ascertaining the age of a second hand machine is an engineering exercise and can be performed only by a qualified engineer. Thus, certifying the age of machines is beyond the jurisdiction of PSIA's.

4. After due consideration of clarification from DGFT and representations made by trade, Board has decided that henceforth for inspection/appraisal of second hand machinery, the following procedure shall be followed:

4.1 Where used second hand machinery is sold for export to India and the sale meets all of the requirements set out in Customs Valuation (Determination of Value of Imported Goods) Rules 2007, the price paid or payable for the goods is to be used as the basis for determining the assessable value.



4.2 However, it is frequently the case that as part of an arrangement, separate from the contract of sale, the second hand machineries are reconditioned, refurbished, modernized, or otherwise improved prior to their importation into India. In such situations, there is a change in the condition of the goods brought about prior to their importation. Similarly, other costs such pre-shipment inspection, dismantling and crating charges may be incurred by the buyer after the sale of the goods. Costs of all such elements need to be determined for the purpose of arriving at the value under section 14 of the Customs Act. Thus, there may be instances where the requirements of Rule 3 of the Valuation Rules are not met, in which case, the value for imposition of duty must be determined under one of the subsequent methods of valuation applied in sequential order.

4.3 In view of the nature of goods, there may be certain difficulties in applying Rule 4 or 5 of the CVR, 2007. These difficulties arise from the fact that the goods being valued are used second hand machinery, and it may be difficult to find data relating to sales of such goods to India, which could be considered identical or similar and meet all the requirements of Rule 4 and 5 of the CVR, 2007.

4.4 Similarly, application of Rule 7 of CVR, 2007 where under goods being appraised are valued on the basis of subsequent sales of identical or similar goods in India, may also not be possible because the goods being appraised are imported for use rather than for resale. The difficulty of finding such sales of goods which could be considered identical or similar to the goods being appraised, may preclude the application of this method.

4.5 Under Rule 8 of the CVR, 2007, goods are valued using the computed value method which is based, among other things on the cost of production of the goods being appraised plus an amount for profit and general expenses. However, since used capital goods are not manufactured as such, viz, as old and used machinery, it is not possible to calculate assessable value based upon the cost of production.

4.6 It follows that in cases where used capital goods cannot be appraised under Rule 3, and where there may be difficulty in applying Rules 4 to 8 of the CVR, 2007, the proper officer may be required to apply the residual method under Rule 9 so as to factor condition, depreciation, refurbishment, charges of disassembly & packing and any expenses incurred by way of pre-shipment inspection agency charges etc.

4.7 Given the nature of challenges in computing the value of second hand machinery under Rule 9, and the need to ensure that the approach applied reflects commercial reality and results in a value which is fair, and is arrived through uniform processes by all Custom Houses, it is felt that it is necessary to obtain inspection/appraisal reports from qualified neutral parties.

4.8 For this purpose, the Board has decided that Inspection/Appraisal Reports issued by Chartered Engineers, or their equivalent, based in the country of sale of the second hand machinery shall be accepted by all Custom Houses. For the purposes of uniformity, the format in which inspection/appraisal reports shall be prepared by the Chartered Engineer is



annexed to this circular. In the event that an importer does not produce an inspection/appraisal report in the prescribed format from the country of sale, he shall be free to engage the services of any Chartered Engineer from those empanelled by the Custom House of the port of import.

4.9 No Custom House shall require any importer to have an inspection/appraisal report of second hand machinery from a particular Chartered Engineer. The importer shall be free to select any chartered engineer, empanelled by the Custom House for the respective class of goods, if so required.

5. All the Custom Houses are also hereby advised to empanel Chartered Engineers as per the requirements provided in this Circular immediately for the purpose of valuation of second hand machinery. The applicants must possess qualification for appraisal/inspection of second hand machinery and certified as such by the Institute of Chartered Engineers.

5.1 It is also clarified that upon the empanelment of Chartered Engineers by the Custom Houses, the practice of accepting certification from PSIA's for valuation of second hand machinery shall be discontinued. Those Customs Houses who already have empanelled Chartered Engineers for the valuation of second hand machinery may continue with those empanelled engineers as per the terms of the empanelment unless requirements dictate otherwise.

5.2 It is also clarified that PSIA's who have the requisite qualifications for being empanelled as a Chartered Engineer for valuation of second hand machinery may make an application to the respective Customs House for consideration of empanelment.

6. To sum up, the following guidelines shall be followed:

- (a) All imports of second hand machinery/used capital goods shall be ordinarily accompanied by an inspection/appraisal report issued by an overseas Chartered Engineer or equivalent, prepared upon examination of the goods at the place of sale.
- (b) The report of the overseas chartered engineer or equivalent should be as per the Form A annexed to this circular.
- (c) In the event of the importer failing to procure an overseas report of inspection/appraisal of the goods, he may have the goods inspected by any one of the Chartered Engineers empanelled locally by the respective Custom Houses.
- (d) In cases where the report is to be prepared by the Chartered Engineers empanelled by Custom Houses, the same shall be in the Form B annexed to this circular.
- (e) The value declared by the importer shall be examined with respect to the report of the Chartered Engineer. Similarly, the declared value shall be examined with respect to the depreciated value of the goods determined in terms of the circular

No. 493/124/86-Cus VI dated 19/11/1987 and dated 4/1/1988. If such comparison does not create any doubt regarding the declared value of the goods, the same may be appraised under rule 3 of the CVR, 2007. If there are significant differences arising from such comparison, Rule 12 of the CVR, 2007 requires that the proper officer shall seek an explanation from the importer justifying the declared value. The proper officer may then evaluate the evidence put forth by the importer and after giving due consideration to factors such as depreciation, refurbishment or reconditioning (if any), and condition of the goods, determine whether the declared transaction value conforms to Rule 3 of CVR, 2007. Otherwise, the proper officer may proceed to determine the value of the goods, sequentially, in terms of rule 4 to 9.

7. Circular No. 25/2015 dated 15<sup>th</sup> October, 2015 stands superseded with the issue of this circular.
8. Clarification, if any, may be sought from the Board.
9. Hindi version follows.

Yours faithfully,

  
(Mandeep Singha)

**Joint Commissioner (Customs)**

**Form A**

(Refer Para 6 (b) of Circular No.07/2020-Customs dated 05<sup>th</sup> February 2020)

**[On the letter head of the Chartered Engineer/Firm or an equivalent entity in the country of sale]**

1. I, \_\_\_\_\_ (name of chartered engineer) hereby certify that I have carried out an inspection of the used machinery covered under invoice no \_\_\_\_\_ dated \_\_\_\_\_ issued by \_\_\_\_\_ (name of company/firm) as per the details given below.

2. I/We have visually inspected the second hand machinery/capital goods and certify the following:

- a) Country of Inspection \_\_\_\_\_
- Place of Inspection \_\_\_\_\_
- Date of Inspection \_\_\_\_\_
- Duration of inspection (in hours) \_\_\_\_\_

**b) Details of seller:**

- (i) Name: \_\_\_\_\_
- (ii) Address: \_\_\_\_\_
- (iii) Telephone No. \_\_\_\_\_
- (iv) E-mail \_\_\_\_\_
- (v) Status: Actual user or dealer

**c) Details of Importer:**

- (i) Name: \_\_\_\_\_
- (ii) Address: \_\_\_\_\_
- (iii) Importer Exporter Code No. \_\_\_\_\_

**d) Details of the goods**

- (i) Name of Manufacturer of the machine \_\_\_\_\_ (with address/country/tel/website, if available; in case of multiple machines or a plant, details may be provided in a separate sheet)
- (ii) Year of the manufacture of machinery:
- (iii) Serial no. / ID No. or the manufacturer's plate affixed on the machine: \_\_\_\_\_ (please also enclose a photograph)
- (iv) Description of Machine
- (v) Whether original invoice of the machine is available?
- (vi) If yes, value \_\_\_\_\_ currency \_\_\_\_\_ Date of Invoice \_\_\_\_\_ (please enclose copy)
- (vii) If no, please estimate the original sale price of the machinery,
- (viii) Present condition of machinery and expected lifespan:

(In case the goods being inspected are second hand spares of capital goods, it should be certified whether "such spares have at least 80% residual life of original spare") Refer: Para 2.31 of the Foreign Trade Policy 2015-20

\_\_\_\_\_  
\_\_\_\_\_

(Please attach close up photographs of the machinery; multiple photographs may be taken, if necessary.)

(ix) Has any reconditioning or repairs been carried out immediately preceding this inspection: YES/No



- (x) If yes, have these been carried out at the expense of the seller or by the purchaser or a third party?
- (xi) Are there invoices to indicate the cost thereof: **YES/NO** (please enclose relevant invoices)
- (xii) If No, then estimated cost thereof \_\_\_\_\_
- (xiii) Please briefly describe the nature of repairs and/or refurbishment:
- (xiv) Are there any charges incurred / to be incurred by the purchaser, for dismantling, packing and transporting the machinery to the port of export? If yes, pl indicate the charges \_\_\_\_\_
- (xv) Any catalogues / documentation of the machine are available? If yes, please provide the details and copies.

**e) The following means/aids/technical references material have been used for inspecting the goods:**

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_

3. I/We hereby declare that the particulars and statements made in this certificate are true and correct.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Seal of the  
Inspecting  
Agency

Name of the Inspecting Person/Inspector \_\_\_\_\_

Designation \_\_\_\_\_

Address (Office) \_\_\_\_\_

E-mail Address \_\_\_\_\_

Phone Number \_\_\_\_\_

**Instructions:**

1. This certificate shall be presented before Indian Customs by the importer of the second hand machine (s) as a part of the import declaration under Customs Act, 1962, which is a legal declaration.
2. The Chartered Engineer/Chartered Valuer/ Qualified Expert must enclose a copy of the certificate issued by a national body which qualifies him to perform such appraisalment/inspection.
3. The photograph of the Chartered Engineer/ Chartered Valuer/ Qualified Expert shall be affixed to this report.

**Form B**

(Refer Para 6 (d) of Circular No.07/2020-Customs dated 05<sup>th</sup> February 2020)

**[On the letter Head of the Chartered Engineer/firm if inspection report is issued in India]**

1. I, \_\_\_\_\_ (name of chartered engineer) hereby certify that I have carried out an inspection of the used machinery covered under invoice no \_\_\_\_\_ dated \_\_\_\_\_ issued by \_\_\_\_\_ (name of co) as per the details given below.
2. I/We have visually inspected the second hand machinery/capital goods and certify the following:

- a) Place of Inspection \_\_\_\_\_  
 Date of Inspection \_\_\_\_\_  
 Duration of inspection (in hours) \_\_\_\_\_
- b) **Details of Importer:**
  - (i) Name: \_\_\_\_\_
  - (ii) Address: \_\_\_\_\_
  - (iii) Importer Exporter Code No. \_\_\_\_\_
- c) **Details of the goods:**
  - (i) Name of Manufacturer of the machine \_\_\_\_\_ (with address/country/tel/website, if available; in case of multiple machines or a plant, details may be provided in a separate sheet)
  - (ii) Year of the manufacture of machinery:
  - (iii) Serial no./ ID No. or the manufacturer's plate affixed on the machine: \_\_\_\_\_ (please also enclose a photograph)
  - (iv) Description of Machine
  - (v) Whether original invoice relating to the machine is available?
  - (vi) If yes, value \_\_\_\_\_ currency \_\_\_\_\_ Date of Invoice \_\_\_\_\_ (please enclose copy)
  - (vii) If no, please estimate the original sale price of the machinery:
  - (viii) Present condition of machinery and expected lifespan:

(In case the goods being inspected are second hand spares of capital goods, it should be certified whether "such spares have at least 80% residual life of original spare") Refer: Para 2.31 of the Foreign Trade Policy 2015-20

\_\_\_\_\_  
 \_\_\_\_\_

(Please attach close up photographs of the machinery; multiple photographs may be taken, if necessary.)

- (ix) Has any reconditioning or repairs been carried out immediately preceding this inspection: YES/No
- (x) If yes, have these been carried out at the expense of the seller or by the purchaser or a third party?
- (xi) Are there invoices to indicate the cost thereof: YES/NO (please enclose relevant invoices)
- (xii) If No, then estimated cost thereof \_\_\_\_\_
- (xiii) Please briefly describe the nature of repairs and/or refurbishment:
- (xiv) Were any charges incurred by the purchaser, for dismantling, packing and transporting the machinery to the port of export? If yes, please indicate the charges \_\_\_\_\_
- (xv) Is/are any catalogues/documentation of the machine available? If yes, please provide the details and copies.



d) The following means/aids/technical reference material have been used for inspecting the goods:

- i. \_\_\_\_\_
- ii. \_\_\_\_\_
- iii. \_\_\_\_\_

3. I/We hereby declare that the particulars and statements made in this certificate are true and correct.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Seal of the  
Inspecting  
Agency

Name of the Inspecting Person/Inspector \_\_\_\_\_

Designation \_\_\_\_\_

Address (Office) \_\_\_\_\_

E-mail Address \_\_\_\_\_

Phone Number \_\_\_\_\_

**Instructions:**

1. This certificate shall be presented before Indian Customs by the importer of the second hand machine (s) as a part of the import declaration under Customs Act, 1962, which is a legal declaration.
2. The Chartered Engineer must enclose a copy of the certificate issued by the institute of Chartered Engineers, which qualifies him to perform such appraisalment/inspection.
3. Please attach copy of Customs House letter authorising you/your firm as an empanelled chartered engineer.

## Banking and Finance



**भारतीय रिज़र्व बैंक**  
RESERVE BANK OF INDIA  
www.rbi.org.in

RBI/2019-20/151

A.P. (DIR Series) Circular No.19

January 23, 2020

To

All Authorised persons

Madam / Sir,

**'Voluntary Retention Route' (VRR) for Foreign Portfolio Investors (FPIs) investment in debt – relaxations**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide [Notification No. FEMA. 396/2019-RB dated October 17, 2019](#), as amended from time to time, and relevant directions issued thereunder. Attention is also invited to [A.P. \(DIR Series\) Circular No. 34 dated May 24, 2019](#) (hereinafter Directions).

2. On a review, the following changes are made to the Directions governing investment through the Voluntary Retention Route (VRR).

- a) The investment cap is increased to **Rs. 1,50,000 crores** from Rs. 75,000 crores.
- b) FPIs that have been allotted investment limits under VRR may, at their discretion, transfer their investments made under the General Investment Limit to VRR.
- c) FPIs are also allowed to invest in Exchange Traded Funds that invest only in debt instruments.

3. The [updated Directions](#) are attached.

4. These directions are issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully

(Saswat Mahapatra)  
Deputy General Manager (O-I-C)





भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2019-20/150

A.P. (DIR Series) Circular No.18

January 23, 2020

To

All Authorised persons

Madam / Sir,

**Investment by Foreign Portfolio Investors (FPI) in Debt**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Foreign Exchange Management (Debt Instruments) Regulations, 2019 notified vide [Notification No. FEMA. 396/2019-RB dated October 17, 2019](#), as amended from time to time, and the relevant directions issued thereunder. A reference is also invited to the [A.P. \(DIR Series\) Circular No. 31 dated June 15, 2018](#) (hereinafter, Directions) read with [A.P. \(DIR Series\) Circular No. 19 dated February 15, 2019](#).

2. On a review, the following changes are made to the Directions: -

- a) In terms of paragraph 4(b) (i) of the Directions, short-term investments by an FPI shall not exceed 20% of the total investment of that FPI in either Central Government Securities (including Treasury Bills) or State Development Loans. This short-term investment limit is hereby increased from 20% to 30%.
- b) In terms of paragraph 4(b) (ii) of the Directions, short-term investments by an FPI shall not exceed 20% of the total investment of that FPI in corporate bonds. This short-term investment limit is hereby increased from 20% to 30%.
- c) FPI investments in Security Receipts are currently exempted from the short-term investment limit (paragraph 4 (b)(ii)) and the issue limit (paragraph 4(f)(iii)). These exemptions shall also extend to FPI investments in the following securities:
  - i. Debt instruments issued by Asset Reconstruction Companies; and

वित्तीय बाज़ार विनियमन विभाग, केन्द्रीय कार्यालय भवन, नौवीं मंजिल, शाहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400001, भारत

फोन: (91-22) 2260 1000, ई-मेल: [comfmr@rbi.org.in](mailto:comfmr@rbi.org.in)

Financial Markets Regulation Department, Central Office Building, 9<sup>th</sup> Floor, Shahid Bhagat Singh Marg, Fort, Mumbai - 400001, India

Tel: (91-22) 2260 1000, e-mail- [comfmr@rbi.org.in](mailto:comfmr@rbi.org.in)

हिन्दी आसान है, इसका प्रयोग बढ़ाइए

- ii. Debt instruments issued by an entity under the Corporate Insolvency Resolution Process as per the resolution plan approved by the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016

3. The [updated Directions](#) are attached.

4. These directions are issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully

(Saswat Mahapatra)  
Deputy General Manager (O-I-C)





RESERVE BANK OF INDIA  
Mumbai - 400 001

RBI/2019-20/152

A.P. (DIR Series) Circular No.20

January 23, 2020

To

All Category – I Authorised Dealer Banks

Madam / Sir

**Merchanting Trade Transactions (MTT) – Revised Guidelines**

Attention of Authorised Dealer Category-I banks (AD banks) is invited to [A.P. \(DIR Series\) Circular No.115 dated March 28, 2014](#) containing directions relating to merchanting trade transactions.

2. With a view to further facilitate merchanting trade transactions, the existing guidelines have been reviewed and the revised guidelines as under, are being issued in supersession of the A.P. (DIR Series) Circular ibid:

- i. For a trade to be classified as merchanting trade, goods acquired shall not enter the Domestic Tariff Area.
- ii. Considering that in some cases, the goods acquired may require certain specific processing/ value-addition, the state of goods so acquired may be allowed transformation subject to the AD bank being satisfied with the documentary evidence and bonafides of the transaction.
- iii. The MTT shall be undertaken for the goods that are permitted for exports / imports under the prevailing Foreign Trade Policy (FTP) of India as on the date of shipment. All rules, regulations and directions applicable to exports (except Export Declaration Form) and imports (except Bill of Entry) shall be complied with for the export leg and import leg respectively.
- iv. AD bank shall satisfy itself with the bonafides of the transactions. Further, KYC and AML guidelines shall be scrupulously adhered to by the AD bank while handling such transactions.
- v. The entire merchanting trade is to be routed through the same AD bank. The AD bank shall verify the documents like invoice, packing list, transport documents and insurance documents (if originals are not available, Non-negotiable copies duly authenticated by the bank handling documents may be taken) and satisfy itself about the genuineness of the

trade. The AD bank may, if satisfied, rely on online verification of Bill of Lading/ Airway Bill on the website of International Maritime Bureau or Airline web check facilities. However, the AD bank shall ensure that the requisite details are made available /retrievable at the time of Inspection/Audit/investigation of the transactions.

- vi. The entire MTT shall be completed within an overall period of nine months and there shall not be any outlay of foreign exchange beyond four months. The commencement date of merchanting trade shall be the date of shipment / export leg receipt or import leg payment, whichever is first. The completion date shall be the date of shipment / export leg receipt or import leg payment, whichever is the last.
- vii. Short-term credit either by way of suppliers' credit or buyers' credit may be extended for MTT to the extent not backed by advance remittance for the export leg, including the discounting of export leg LC by the AD bank, as in the case of import transactions. However, Letter of Undertaking (LoU)/ Letter of Comfort (LoC) shall not be issued for supplier's/ buyer's credit.
- viii. Any receipts for the export leg, prior to the payment for import leg, may be parked either in Exchange Earners Foreign Currency (EEFC) account or in an interest-bearing INR account till the import leg liability arises. It shall be strictly earmarked/ lien-marked for the payment of import leg and the liability of the import leg, as soon as it arises, shall be extinguished out of these funds without any delay. If such receipts are kept in interest-bearing INR account, hedging thereof may be allowed by the AD bank at the request of its customer, as per extant regulations. No fund/non-fund-based facilities shall be extended against these balances.
- ix. In case of discounting of export leg LC where payment for import leg is still to be made (even if partially), the proceeds shall be utilized in the manner prescribed at point no. 2 (viii) above.
- x. Payment for import leg may also be allowed to be made out of the balances in EEFC account of the merchant trader.
- xi. Merchanting traders may be allowed to make advance payment for the import leg on demand made by the overseas supplier. In case where inward remittance from the overseas buyer is not received before the outward remittance to the overseas supplier, AD bank may handle such transactions based on its commercial judgement. It may, however, be ensured that any such advance payment for an import leg beyond USD 500,000/- per transaction, shall be made against Bank Guarantee / an unconditional, irrevocable standby Letter of Credit from an international bank of repute. Overall prudential limits on allowing such advance payments by a customer may be fixed by the AD bank.
- xii. Letter of Credit to the supplier for the import leg is permitted against confirmed export order, keeping in view the foreign exchange outlay of four months and completion of the



MTT within nine months and subject to compliance with the instructions issued by Department of Banking Regulation on "Guarantees and Co-acceptances", as amended from time to time.

- xiii. AD bank shall ensure one-to-one matching in case of each MTT and report defaults in any leg by the traders to the concerned Regional Office of the Reserve Bank, on half yearly basis in the format as [annexed](#), within 15 days from the close of each half year, i.e. June and December;
- xiv. Merchant traders with outstanding of 5% or more of their annual export earnings shall be liable for caution listing.

3. The merchanting traders shall be genuine traders of goods and not mere financial intermediaries. Confirmed orders must be received by them from the overseas buyers. AD banks shall satisfy themselves about the capabilities of the merchanting trader to perform the obligations under the order. The merchanting trade shall result in profit which shall be determined by subtracting import payments and related expenses from export proceeds for the specific MTT.

4. Write-off of unrealized amount of export leg:

- i. AD bank may write-off the unrealized amount of export leg, without any ceiling, on the request made by the Merchanting trader, in the following circumstances:
  - a. The MTT buyer has been declared insolvent and a certificate from the official liquidator specifying that there is no possibility of recovery of export proceeds has been produced.
  - b. The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country and a certificate to that effect has been produced.
  - c. The unrealized amount of the export leg represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization;

provided, the MTT is in adherence to all other provisions except the delays in timelines (either for outlay or completion period of MTT or both) attributed to reasons mentioned at a, b and c above.

- ii. In addition to above, write-off as at (i) shall be subject to following conditions:
  - a. AD bank shall satisfy itself with the bonafides of the transactions and ensure that there are no KYC/AML concerns.
  - b. The transaction shall not be under investigation under FEMA by any of the investigating agency/ies.
  - c. The counterparty to the merchant trader is not from a country or jurisdiction in the updated FATF Public Statement on High Risk & Non-Co-operative Jurisdictions on which FATF has called for counter measures.

5. Third party payments for export and import legs of the MTT are not allowed.
6. Agency commission is not allowed in MTTs. However, AD banks may allow payment of agency commission up to a reasonable extent by way of outward remittance under exceptional circumstances, subject to the following conditions:
- MTT has been completed in all respects.
  - The payment of agency commission shall not result in the MTT ending into a loss.
  - The Merchanting trader shall make a specific request to the AD bank in this regard.
7. AD bank may approach Regional Office (RO) concerned of the Reserve Bank for regularization of the MTT for deviation, if any, from the prescribed guidelines and the MTT shall be closed only after receiving approval from the RO concerned of the Reserve Bank.
8. Reporting for merchanting trade transactions under FETERS shall be done on **gross basis**, against the undermentioned codes:

Trade	Purpose Code under FETERS	Description
Export	P0108	Goods sold under merchanting /receipt against export leg of merchanting trade
Import	S0108	Goods acquired under merchanting /payment against import leg of merchanting trade

9. AD banks shall bring the contents of this circular to the notice of their constituents concerned for strict compliance.
10. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

**(R K Moolchandani)**  
**Chief General Manager**





## Seminars & Workshops

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Date	Event	Registration Details
<p><b>February 15, 2020</b> <b>10:00:AM - 05:00:PM</b></p>	<p><u><a href="#">Mitigating Power Quality Issues (Including Harmonics) for Safe and Efficient Operations</a></u></p> <p>1. Some direct examples of problems on work floors – which could be related to power quality issues. 2. Stakeholders getting affected due to power quality issues. 3. Power Quality - what is it – Cause - effect relationship. 4. Types of Power Quality issues 5. Impact of poor power quality on the installations. 6. Corrective actions (controllable and non-controllable) 7. Quantification of savings (in terms of downtime, cost saving, safe operation etc.) 8. Case Studies</p>	<p>On Payment</p> <p><u><a href="#">Register Online</a></u></p>
<p><b>February 20, 2020</b> <b>09:30:AM - 05:30:PM</b></p>	<p><u><a href="#">MCCIA Leadership Summit “Succeeding in difficult times”</a></u></p> <p>Leadership has always been a science and art and legendary leaders like Jack Welch, John Chambers, Steve Jobs and Anand Mahindra have shown the mettle to drive market share and product leadership in good and bad times. Leadership is about mapping out where you need to go to "win" and take the team along on the journey, making it dynamic, exciting, and inspiring.It is all about opportunities as well as threats in times of economic hardship. There is no better time than now to focus on the essenti</p>	<p>On Payment</p> <p><u><a href="#">Register Online</a></u></p>

<p><b>February 20, 2020</b> <b>10:00:AM - 05:00:PM</b></p>	<p><a href="#"><u>BEHAVIOUR BASED SAFETY TO ENHANCE SAFETY CULTURE On 20th February 2020</u></a></p> <p>Upon completion of this course the participant will be able to: • Understand what is Incident, Accident, Near-miss • Understand the cost of Accident • Understand Direct cause of accident and Root cause of Accident • Understand what is unsafe Act and unsafe condition • What is difference in Operational Safety and Performance Safety • Imbibe BBS • Understand Common Behavior Based Program Elements • Understand Why Behavior Based Programs Can Be Attractive</p>	<p>On Payment <a href="#"><u>Register Online</u></a></p>
<p><b>February 24, 2020 - February 26, 2020</b> <b>10:00:AM - 05:00:PM</b></p>	<p><a href="#"><u>Unique Opportunity to participate in National Trade Fair cum National Vendor Development Program</u></a></p> <ul style="list-style-type: none"> <li>• Opportunities to display products / services in sectors like defence, electric vehicles, advanced manufacturing, Innovation &amp; Start-ups;</li> <li>• Opportunity to see the innovative products and concepts;</li> <li>• And many more</li> </ul>	<p>Open To All <a href="#"><u>Register Online</u></a></p>
<p><b>February 24, 2020 - February 26, 2020</b> <b>04:00:PM - 07:00:PM</b></p>	<p><a href="#"><u>Arranges a Session On Intricacies of Contracts: Simplified</u></a></p> <p>The programme “Intricacies Of Contracts: Simplified”is designed to acquaint participants with basic principles of contract law, and the purpose and effect of some standard terms in contracts. The insights acquired during the programme will guide participants while they negotiate and make contracts. They will be able to make contract-related decisions consciously and more effectively.</p>	<p>On Payment <a href="#"><u>Register Online</u></a></p>
<p><b>February 25, 2020</b> <b>02:00:PM - 04:30:PM</b></p>	<p><a href="#"><u>Digital Marketing to Meet Competitive Challenges in Food Industry</u></a></p> <p>Deliverable of Seminar will as follow- ? How will Digital Marketing help you as a Professional? ? How to create an opportunity to market your services on Digital? ? How to create credibility about your services through online mediums? ? Usage of Personal branding and implementation. ? Opportunity to learn video blogging and about lead generation. ? Build and Engage your Professional Network.</p>	<p>On Payment <a href="#"><u>Register Online</u></a></p>

<p><b>February 26, 2020</b> <b>10:00:AM - 05:00:PM</b></p>	<p><b><u><a href="#">EMERGENCY RESOURCE PLANNING On 26th February 2020</a></u></b></p> <p>? What is an Emergency ? Types of emergencies ? Difference between Disaster &amp; Emergency ? Culture of Safety ? Formation of team ? Different elements of ERP ? Priorities of the ERP team ? Actions to be taken by the ERP team ? Risk assessment and mitigation ? Business continuity plans</p>	<p>On Payment</p> <p><b><u><a href="#">Register Online</a></u></b></p>
<p><b>February 26, 2020</b> <b>03:00:PM - 04:30:PM</b></p>	<p><b><u><a href="#">Interactive Meeting with ESIC Corporation Sub Regional Office, Hadapsar</a></u></b></p> <p>Employees' State Insurance Act, 1948(ESI Act), is a major legislation related to social security for employees in India. Shri. Hemant Kumar Pandey, Deputy Director and Shri. C.R. Patil, Deputy Director ESIC Corporation Sub Regional Office, Pune will address this important meeting and share the key information about ESI benefits.</p>	<p>Open To All</p> <p><b><u><a href="#">Register Online</a></u></b></p>
<p><b>February 27, 2020</b> <b>09:00:AM - 04:00:PM</b></p>	<p><b><u><a href="#">DEFENCE INDUSTRY INDIGENISATION OPPORTUNITIES &amp; CHALLENGES (2nd Edition) on 27 Feb 2020</a></u></b></p> <p>Invitation is being extended to the top political leadership, bureaucrats, senior officers from services HQs, DRDO, Indian defence industry doyens, leaders from MSMEs and enterprising startups are also being invited to participate and share their thoughts.</p>	<p>On Payment</p> <p><b><u><a href="#">Register Online</a></u></b></p>
<p><b>February 28, 2020</b> <b>10:00:AM - 05:00:PM</b></p>	<p><b><u><a href="#">PERSONAL EFFECTIVENESS BRING RELEVANT IN THE VUCA WORLD On 28th February 2020</a></u></b></p> <p>Get into the driver's seat – take control of yourself with efficient Planning, Organizing and scheduling. Proactive vs. Reactive – Circle of Concern and Circle of Influence ? Think Win-Win – winner never takes all! ? Goal Setting – always begin with the end in mind ? Prioritization matrix– this is the matrix that can get you out of confusion and chaos ? Put first things first; The 'rocks in a jar' theory Working hard vs. working smart – stop doing things now!</p>	<p>On Payment</p> <p><b><u><a href="#">Register Online</a></u></b></p>



<p><b>March 02, 2020 - March 03, 2020</b></p> <p><b>10:00:AM - 05:00:PM</b></p>	<p><b><u><a href="#">International Business Summit</a></u></b></p> <p>As part of our efforts to promote Maharashtra as an attractive destination for Investments, a major global source for Products and Services and as a premier marketing centre we have organised several events over the years. As a major leap forward, we have organised the First International Business Summit in Pune on 2nd and 3rd March 2020.</p>	<p>On Payment</p> <p><b><u><a href="#">Register Online</a></u></b></p>
<p><b>March 03, 2020</b></p> <p><b>10:00:AM - 04:30:PM</b></p>	<p><b><u><a href="#">Celebrate International Women's Day with us! a conference and an Exhibition</a></u></b></p> <ul style="list-style-type: none"> <li>• Key note address by Chief Guest</li> <li>• Business Communication can take you ahead in the Journey</li> <li>• Marketing tips for successful business</li> <li>• Speed networking session</li> <li>• Government Schemes for Women entrepreneurs</li> </ul>	<p>On Payment</p> <p><b><u><a href="#">Register Online</a></u></b></p>
<p><b>March 06, 2020 - March 08, 2020</b></p> <p><b>11:00:AM - 08:00:PM</b></p>	<p><b><u><a href="#">Celebrate International Women's Day with us! Exclusive Exhibition 6th to 8th March</a></u></b></p> <ul style="list-style-type: none"> <li>• Hands on Experience of Marketing and sales</li> <li>• Networking</li> <li>• Sale of your products.</li> </ul>	<p>On Payment</p> <p><b><u><a href="#">Register Online</a></u></b></p>