Framework on Cross Border Remittances

INTRODUCTION:

SVC Cooperation Bank Ltd., an Authorized Dealer Category – I Bank to deal in Foreign Exchange, offers wide range of Foreign Exchange Products to its Customers and facilitates smooth transaction processing of their Cross Border Transactions.

These transactions are undertaken in accordance with the Foreign Exchange Management Act, 1999 (FEMA), Rules, Regulations, Directions and Guidelines issued by the Reserve Bank of India from time to time and various other Government / Statutory provisions, as applicable.

This document defines the broad framework governing the Cross Border transactions and sets out the key principles related to transaction processing, customer due – diligence, documentation requirements, applicable charges, service timelines and the grievance redressal mechanism to promote transparency and ensure seamless customer experience.

As the Cross Border transactions involve various Risks, the Bank may seek further documentation based on the specific purpose code or the nature of underlying transaction, transaction value, customer risk profile, regulatory requirements etc. Enhanced Due Diligence (EDD) may be conducted for certain categories of remittances, high-value transactions, sensitive jurisdictions, or where otherwise required under applicable regulations and internal policies.

Processing of the remittance shall be subject to satisfactory completion of KYC, AML, sanctions screening, FEMA compliance, and other regulatory checks undertaken by the Bank.

Inward Remittances

1. Coverage

This section covers the steps involved in processing of inward remittances i.e. receipt of funds from outside India in favor of Resident as well as Non-Resident Individuals and / or Entities for legitimate and Bonafide purposes. They are broadly bifurcated into Current Account and Capital Account transaction based on the nature of the receipt and can be further segregated into Trade, Non-Trade or Personal remittances.

2. End-to-End Process

1. Initiation of the remittance by the Remitter through its bank.
2. Clearing or settlement of FCY Funds at the respective jurisdiction (location) and credit to the Nostro Account of SVC Bank (Receipt of Credit)
3. Matching of the Credit with Inward Payment details after due screening and AML checks.
4. Intimation of the Credit to the Customer and its Branch requesting the supporting documents and the disposal instructions.
5. Submission of the requisite & complete documents/declarations by the Customer.
6. Independent validation or checking of the remittance details against the documents submitted by the Customer.
7. Processing of the transaction and credit to the customer through a strict maker-checker concept.
8. SMS to the customer on its registered mobile number immediately upon credit followed by detailed credit advice early next day.
9. Reporting of the transaction to various regulatory authorities on periodic basis and depending on the nature of the transaction.
10. Completion of Trade Related formalities viz. reporting of inward remittance to DGFT for eBRCs to EDPMS portal for IRM etc.

3. Processing of Inward Remittance

Whenever a customer gets a wire transfer or TT from outside India, the funds get routed through the overseas correspondent bank account of SVC Bank (Nostro account) of the respective currency. SVC Bank is then required to ensure the related compliance, documents verification, regulatory checks etc. before the final credit is released to the customer account.

- **Step 1 – Receipt of the Remittance**

  When the Bank receives the credit in its Nostro account, it checks the following details received along with the remittance.

  1. Name & address of the person/company sending the money (remitter)
  2. Details of the remitter bank.
  3. Name & address of the beneficiary.
  4. Beneficiary's account details
  5. Date, Currency & Amount
  6. Payment reference
  7. Purpose/reason for sending the money
  8. Other information provided by the remitter bank.

- **Step 2 – Providing Documents / Information**

  After the above-mentioned initial checks and validations, the Bank intimates the credit to the customer and its branch on its registered email and requests for additional information i.e. the underlying documents as per the purpose of the remittance.

  Along with a Declaration under FEMA and the Disposal Instructions, below are some of the standard documents / information that is generally sought from the customers, i.e. the beneficiary of the credits.

Nature of remittance	Documents/information that may be required
Export proceeds	Export invoice, shipping bill/Bill of Lading, export reference and other relevant details
Export of services	Invoice, agreement/work order and service details
Salary	Employment/salary details
Pension	Pension statement or supporting document
Gift	Gift declaration and relationship details, where applicable
Family maintenance	Relationship and remitter details
Investment income	Investment/holding statement or income advice
Sale of investment/assets	documents related to sale and taxes paid, if any.
NRI repatriation	Source-of-funds documents and applicable tax/repatriation documents
Refund	Details of the original payment
Business receipt	Invoice, contract/agreement or another supporting document

** The Bank may request additional documents based on risk, amount, purpose, remitter, country, account status and applicable law along with FEMA declaration.*

Tip for exporters: *Always mention the relevant invoice/shipping bill/bank reference number in the payment instructions given to your overseas buyer. This can substantially reduce the time required for identification and matching export proceeds.*

- **Step 3 – Determination of Applicable Purpose**

  The Bank is required to classify the remittance under the appropriate purpose code / category based on the nature / type of the transaction for further regulatory reporting. Therefore, it is imperative for the customers to provide the accurate purpose of the remittance in their declarations.

FETERS Purpose code Selection Guide

Type of transaction	Purpose Code
Current Account Receipts*	
Goods exported/misc charges	P0101/P0102/P0107
Advance against Exports	P0103
Merchanting Trade	P0108
IT/software	P0802/P0807
Commission	P1002/P1019
Business and Management consultancy	P1006
Advertising, Trade Fair services	P1007
Engineering services	P1014
Tax consulting services	P1015
Family maintenance	P1301
Gift	P1302
Salary	P1401.
Non-resident deposits – FCNR(B)/NRE etc.	P0014
Repayment of loans extended to non-residents	P0011
Interest on Loans extended to non-residents	P1403
Capital Account Receipts*	
FDI equity	P0006
FDI in Indian debt instruments	P0007
FPI in Indian equity	P0009
FPI in Indian debt.	P0010
long/medium and short-term non-resident loans	P0012/P0013

**These are common purpose codes for Current and Capital account receipts.*

- **Step 4 – Account credit and Cut-off Timelines**

  For the inward remittance received in foreign currency, the Bank will convert the foreign currency into Indian Rupees at the applicable exchange rate or credit same to customer's FCY (EEFC) account as it is, after deducting applicable charges and taxes. Bank to receive disposal instructions along with complied document within the cut-off timing i.e. by **2:30 p.m.** for the same day processing / credit. Documents / disposal received after **2:30 p.m.** shall be handled and processed on the next Forex working day. An automated SMS/Email advice is delivered to the customer containing the necessary transaction details.

- ## Processing Timelines

Transaction Type	Indicative TAT after complete documents/disposal
All inward Remittances (before cut off 2.30 pm)	Same working day

**The actual processing time depends on the completeness of the remittance information, documents required, regulatory checks and the nature of the transaction.*

Ensure following to process your Remittance Faster

1. For the person sending money from overseas, please ensure that the remitter provides: Your correct bank name/branch + Account number + SWIFT/BIC + Correct purpose of payment
2. For export payments, additionally mention: Invoice Number / Shipping Bill Number / Exporter details / Bank reference number
3. For customers receiving inward remittances, please:
   - Keep your KYC details updated.
   - Provide the correct purpose of the remittance.
   - Keep supporting documents readily available.
   - Respond promptly to the Bank's queries.
   - Ensure that the remitter provides accurate beneficiary information.
   - For export receipts, provide invoice/shipping bill details.

- **Schedule of Charges:**

Nature of Charges	Amount of Charges *(Excl. applicable GST)*
Commission for Inward Remittance	Rs.300/- per remittance
FIRC Charges	1. Rs.200/- flat per certificate per E-BRC / issued on security paper 2. Rs.100/- flat per certificate issued on letter head

Outward Remittances

1. Coverage

This section covers the steps involved in processing of onward remittances i.e. payments outside India in favor of Non-Resident / Foreign Individuals and / or Entities for legitimate and Bonafide purposes. They can also be broadly bifurcated into Current Account and Capital Account transaction based on the nature of payment and can be further segregated into Trade, Non-Trade or Personal remittances (LRS). Forex outward remittances can be initiated by resident individuals, entities, NRIs and other eligible customers.

2. End-to-End Process

1. The customer submits the remittance request via a branch visit or direct email to the branch/trade finance team for certain transactions.
2. Compliance Officer at TF dept. reviews documents against FEMA, RBI, and internal guidelines, then notifies the customer or branch of any discrepancies.
3. Once documents are complied, officer confirms exchange rate (if applicable) with customer/branch by taking rates from Treasury dealer.
4. By executing a strict maker-checker operational control transaction processed in CBS to generate SWIFT messages.
5. SWIFT authorizer transmitted the message to the correspondent bank subsequent to mandatory AML reviews and compliance screening.
6. Intimation of the debit via email to the customer on its registered email id along with swift copy.
7. Bank is reporting transactions to regulatory authorities periodically or as required by the transaction type via IDPMS, FETERS, or CIMS, etc.

3. Documentation

Purpose under LRS	Basic Documents
Education	Admission/offer letter; fee demand/invoice; passport/visa where applicable, Form A-2, FEMA Declaration
Medical treatment	Hospital estimate/invoice; medical advice/estimate wherever requested, Form A-2, FEMA Declaration
Travel	Passport/visa/ticket/travel declaration as applicable, Form A-2, FEMA Declaration
Gift	Gift declaration; relationship/details; beneficiary bank information, Form A-2, FEMA Declaration
Maintenance of relative	Declaration; relationship; beneficiary details, Form A-2, FEMA Declaration
Overseas securities	Broker/custodian statement; investment documents; Form A-2, FEMA Declaration
Overseas direct investment	Investment documents; valuation; source of funds; prescribed forms, Form A-2, FEMA Declaration
Property abroad	Purchase/sale agreement or supporting evidence, Form A-2, FEMA Declaration
IFSC financial product/service	Product/service agreement; beneficiary details, Form A-2, FEMA Declaration
Other permissible LRS	Purpose-specific supporting evidence, Form A-2, FEMA Declaration
*** PAN is the basic document for all transactions under the LRS**	
TRADE Transaction	**Typical documentation**
Import of goods	Invoice; PO/contract, shipping/import details, IEC
Import advance	Proforma invoice/contract, supplier bank details

Import of services	Invoice; contract/Scope of Work, evidence
Royalty/license	License/IP agreement, invoice
Software subscription	Invoice/subscription agreement
Consultancy	Agreement/SOW, invoice
Advertisement	Invoice/order/agreement
Commission	Agency agreement, invoice, declaration on Shipping bill (in case of commission on exports)
Insurance	Policy/invoice/claim documents
Loan/interest	Loan agreement, repayment schedule
Dividend/investment income	Investment statement /advice
Overseas office expenses	Invoice/expense statement/authority
REMITTANCE FACILITIES FOR NRIs / OCIs	
Non-resident Income	**Documents**
Rent	Lease/rent statement, tax evidence
Dividend	Dividend advice/holding statement
Pension	Pension statement/certificate
Interest	Interest certificate/statement
Salary	Salary/employment evidence
Other current income	Underlying evidence

**Outward remittances are subject to extant RBI/FEMA/DGFT guidelines and Bank can ask for additional documentation accordingly.*

- **Common Purpose Codes for Individuals (LRS Remittances)**

Current account transactions		
Code	**Description**	**Example**
S0305	Travel for education	Sending money to your child's university account in the US for tuition fees.
S0304	Travel for medical treatment	Paying a hospital abroad for a scheduled surgery.
S1302	Remittance towards personal gifts and donations	Sending a monetary gift to a relative abroad for their wedding, etc.
S1301	Remittance for family maintenance and savings	Transferring monthly living expenses to a dependent family member living abroad.
S0306	Other travel (e.g., for tourism)	Paying for a tour package for a vacation in Europe.
S1102	Education (e.g. fees for courses abroad)	Paying for an online certification course from a foreign university.
Capital account transactions		
Code	**Description**	**Example**
S0001	Indian investment abroad – in equity (shares)	Buying shares of a publicly listed company on the New York Stock Exchange.
S0005	Indian investment abroad – in real estate.	Purchasing a residential property in London.
S0011	Loans to non-residents	An Indian company extending a loan to its foreign subsidiary.
Common purpose codes for Trade transactions		
Code	**Description**	**Example**
S0101	Advance payment against imports	Paying a Chinese supplier a 30% advance before goods are shipped to India.
S0102	Payment towards imports–settlement of invoice	Paying the final balance for a consignment of machinery imported from Japan.
S0802	Software implementation/consultancy	Paying a US-based firm for implementing a new CRM software for your company.
S1006	Business and management consultancy services	Paying a UK-based consulting firm for a market research report.

S0601	Life insurance premium	A company paying premiums for an insurance policy taken from an overseas insurer.
S1011	Payments for maintenance of offices abroad	Transferring funds to cover rent and salaries for your company's branch in Dubai.

- ## Processing Timelines

Transaction Type	Indicative TAT after complete documents with sufficient balance
All inward Remittances (before cut off 2.30 pm)	Same working day

Please note: *The actual processing time depends on the completeness of the remittance information, documents required, regulatory checks and the nature of the transaction.*

- **Schedule of Charges**

Outward Remittances (TT)	
Nature of Charges	**Amount of Charges** *(Excl. applicable GST)*
For Individuals & Corporates	0.15% Commission Minimum Rs. 500/- Maximum Rs. 20000/-
SWIFT Charges	Rs.750/-
Import Bills	
Nature of Charges	**Amount of Charges** *(Excl. applicable GST)*
Advance Remittance for Imports per remittance	0.15% Commission Minimum Rs.1,000/- Maximum Rs. 20,000/- plus SWIFT charges Rs. 750/-
Import bills for Collection (Lodgment)	0.25% commission Minimum Rs.1,000/-

****Schedule of Charges***. [*Schedule Of Service Charges For Forex Transactions (Effective From 1st July, 2024)*]

- **Forex daily card rate -** https://www.svc.bank.in/forex-daily-rate-card
- **NOSTRO details -** https://www.svc.bank.in/nostro-account
- **Grievance redressals**

Escalation Level	Nature / Status of Issue	Escalation To	Contact Channel	Timeline
Level 1	If Issues unresolved at concerned officer level	Department Manager	022-41834534/528 41834546/597	Within 2 working day
Level 2	Critical issues or unresolved Level 1 issues	Chief Manager	022-41834529/ 4560	Within 3 working days
Level 3	Major operational, compliance, or regulatory concerns	Head - Trade Finance	022-41834542	Immediately (Depending on severity)
External	RBI Integrated Ombudsman mechanism where applicable			As per RBI framework

Disclaimer:
Forex products are offered subject to certain eligibility criteria as per the Bank's Internal Policy and at Bank's discretion.