Policy Framework for Cross-Border Remittance Transactions

1. Introduction

This document outlines the policy framework for handling cross-border remittance transactions, developed in response to directives from the Reserve Bank of India (RBI). The objective is to enhance transparency, efficiency, and customer service in our cross-border operations. This policy covers clarity in documentation, timely processing, and standardized disclosure of charges, timelines, and grievance redressal mechanisms.

2. Policy Framework for Cross-Border Transactions: Product-Specific Details

This section details the specific requirements and processes for various cross-border import and export transactions which are aligned with Master Direction updated from time to time.

2.1. Export Transactions - Goods

2.1.1. Export Collection

Documentation Requirements:

- Application form
- Invoice
- Transport document

Process Flow for collection:

- Customer submits documents at the branch.
- Documents are scanned into the processing system for further action.
- The process generates the remitter covering schedule and Advice, which is then sent to the customer.
- The covering schedule along with original documents are dispatched to the overseas bank/party.

Process Flow for Inwards:

- Verification of purpose code
- Export bill linkage basis the Inward received
- Credit to customer account
- Advice generated and communicated to customer

Cutoff Time for document submission: 2:30 PM IST
Turnaround Time (TAT): Same Day Processing for clean transactions

2.1.2. Tenor Extension (Export Bills)

Documentation Requirements: Customer request letter signed by the authorized signatory with tenor extension declaration, including:

- Respective export bill reference number
- Date of Extension
- Reason for Extension
- Customer declaration of tenor extension

- CA Certificate with UDIN number (Active status), if the extension is beyond one year from the date of export.
- All correspondence exchanged between the exporter and the overseas party in this regard (e.g., Email exchanges, letters to/from Buyer/Consignee/Notify Party). Invoice number should be mentioned in correspondence.

Process Flow for tenor extension:

- Customer submits documents which are scanned in the processing system
- Clean transactions are processed and accordingly record on EDPMS is updated with the revised date as mentioned by the client.

Cutoff Time for document submission: 2:30 PM IST
Turnaround Time (TAT) for Non-Bulk: Same Day Processing for clean transaction.
TAT for bulk cases will differ based on the count of bills.

2.1.3. Write-off/Invoice Reduction (Export Bills)

Documentation Requirements: Customer request letter with write-off declaration, including:

- Complete details of underlying export bill with write-off amount against respective invoice/shipping bill.
- Reason for write-off along with Customer declaration
  - Required CA Certificate with UDIN number in active.
  - Supporting documents as per write-off reason for AD write-off & reason should be as per master direction.

Process Flow:

- Customer submits documents which are scanned in the processing system
- Clean transactions are processed and accordingly record on EDPMS is updated with the revised date as mentioned by the client.

Cutoff Time for document submission: 2:30 PM IST
Turnaround Time (TAT) for Non-Bulk: Same Day Processing for clean transaction.
TAT for bulk cases will differ based on the count of bills.

2.2. Receiving an Export Payment- Services

- **Process Flow**
  - Verification of purpose code on MT 103
  - Checking on sighting of funds
  - Seeking client confirmation on purpose of remittance
  - Credit to customer account

- **Capital account transaction**
  - Verification of purpose code

- Checking on sighting of funds
- Purpose specific documents sought from the client
- Credit to customer account

2.2.1 Set-off of Service Receivables against Import Payables

- **Process:** You can request to set off outstanding service export receivables against outstanding import payables for services. This can be with the same overseas buyer/supplier or their overseas group/associate companies.
- **Conditions:** The set-off must occur within the same calendar year, and Citibank must be satisfied with the genuineness of the transactions, ensuring no KYC/AML concerns or ongoing investigations.
- **Documentation**
  - Invoices for both the legs
  - Agreement evidencing terms for set off
  - List of Entries for receivable and payables
  - Form 145 146 (net payable)
  - FIRC/FIRA for inward
  - Balance documentation for outwards as per purpose

2.2.2 Third-Party Payments for Service Exports

- Not permitted

2.2.3 Advance Payments for Service imports

Advance payment can be made subject to a ceiling of USD 500,000.

Documentation Requirements:

- Advance declaration
- Invoice
- Form 145 146
- Payment beyond USD 500,000 will require Bank guarantee.

Activity	Cut-off Time
Inward	

Activity	Cut-off Time
Inward received and funds sighted before cut off then shall be credited same day	1:30pm

2.3. Import Transactions- Goods

2.3.1. Import Collection

Documentation Requirements:

- Overseas Bank Cover letter/Customer application letter
- Invoice
- Transport document

Process Flow:

- Documents received under collection from Overseas exporters are scanned into the processing system for further action.
- If the documents are clean, the Document Arrival Notice, is then sent to the customer. Discrepancy if any is also communicated to the customer or can be viewed on Digital Portal

Cutoff Time for document submission: 2:30 PM IST
Turnaround Time (TAT): Same Day Processing for clean transaction.

2.3.2. LC Issuance

Documentation Requirements:

- LC application
- Supporting document (Purchase Order/Proforma Invoice/Sales contract/Indent/ agreement)
- Insurance policy/certificate (if applicable)

Process Flow for LC issuance:

- Client submits the LC physical application or through the Citidirect Digital Portal.
- Clean transactions are processed and LC copy is sent to customer.

Cutoff Time for document submission: 3:00 PM IST
Turnaround Time (TAT): Same Day Processing for clean transaction.

2.3.3. Import Write-off

Documentation Requirements:

Write-off up to 5% of Invoice Value (as per Master Direction C.8 (x)):

- Document evidencing communication between Importer and exporter for amount to be written-off

- Client Declaration:
  - Customer declaration that the case is not the subject matter of any pending civil or criminal suit.
  - Customer declaration that no adverse notice of the Enforcement Directorate or the Central Bureau of Investigation or any such other law enforcement agency has been received.

Write-off exceeding 5% of Invoice Value (as per Master Direction C.8 (xi)):

- Applicable only for quality issues, short shipment, or destruction of goods by port/Customs/health authorities.
- For Quality issues: Document evidencing communication between Importer and exporter for amount to be written-off
- For Short Shipment/destruction of goods: Short shipment certificate/destruction certificate/certificates from independent authority satisfactory documentation by importer.
- Client Declaration: (Same as applicable for <5%)

Process Flow for write-off of Imports:

- Importer Identifies the Reason for Write-off: Determines valid cause (Operational Variations, Quality/Short shipment/Destruction of Goods, Discounts).
- Gather Supporting Documentation by Importer**:** Collects necessary evidentiary documents (commercial invoices, dispute communications, certificates).
- Application, supporting documents, and declaration for write-off and IDPMS closure.
- Citibank Verification and BOE Write-off:
  - Under 5% of Invoice Value: Citibank verifies genuineness and authorizes write-off as per approved banking process notes.
  - Over 5% (Quality Issues/Short-Shipments/Destruction): Citibank can directly approve and close the BOE after checking required compliance documents.

  Note : If not covered, Citibank forwards the case to the regional office of the Reserve Bank of India.
- IDPMS Update & Closure: Citibank settles the matching Outward Remittance Message (ORM) and BOE in the IDPMS with proper adjustment indicator or write-off remarks, closing the outstanding import bill.

Cutoff Time for document submission: 2:30 PM IST
Turnaround Time (TAT) for Non-Bulk: Same Day Processing for clean transaction.
TAT for bulk cases will differ based on the count of bills.

2.4. Import Payments - Services

Process Flow

1.Submit Request: via Citidirect Channel: Dial in your remittance request through the Citidirect Channel.

2.Upload Documentation: Upload the necessary supporting documentation to substantiate the payment request in line with FEMA / Regulatory guidelines.

3.Populate Form A2: Ensure that Form A2 is accurately populated with all required details, as mandated by RBI for outward remittances.

Upon submission, the transaction will be reviewed and validated. Any exceptions will be clarified and resolved with you before processing the payment and obtaining foreign exchange rates from the treasury.

2.4.1 Document Requirements for Import Remittances

- **Request Letter:** A formal letter requesting the transaction.
- **Invoice:** The commercial invoice from the overseas party for the services.
- **FEMA Declaration Form:** Forms like A2 for outward remittances, or other relevant declarations.
- **Purpose-Specific Documents:** Depending on the nature of the transaction, additional documents such as underlying agreements, service contracts, or specific declarations (e.g., related to delayed payments) may be required. Your Citibank will inform you of these specific requirements.

- Cutoff Time for document submission: 1:30 PM IST

2.4.2 Time Limit for Service Import Payments (Delayed Payments)

- **Maximum Period**: The maximum allowed period for delayed payment for service imports is generally **3 years**. Beyond this period, cases will be referred to RBI

Activity	Cut-off Time
Outward	
Document submission by client	1:30 PM
CBFT (Cross-Border Funds Transfer) dialing by client	1:30 PM

2.5. Bank Guarantees

2.5.1. BG Issuance

Documentation Requirements:

- Application letter signed by authorized signatory or request through Digital portal
- Bank guarantee Text
- Supporting Document (e.g., Purchase order, Agreement, Tender copy).

Process Flow:

- Client submits the request physically at the bank or on CitiDirect digital platform.
- The guarantee request is reviewed to ensure full adherence to all applicable legal, banking, compliance, and regulatory checks.
- The bank guarantee text will be transmitted via MT760 to the overseas bank, who will further issue it to the beneficiary.

Cutoff Time for request submission: 1:30 PM IST

2.5.2. Claim Process (Bank Guarantees)

Documentation Requirements:

- Claim Letter

Process Flow for claim process:

- Scrutiny of the claim to conclude whether it complies with the text of the guarantee.
- Inform the applicant that the claim has been lodged.
- Honor the claim payment.

Cutoff Time for letter submission: 1:30 PM IST
Turnaround Time (TAT): T+2

2.6. Trade Loans

2.6.1. Export and Domestic Loans

Documentation Requirements:

- Duly filled Loan Application form.
- Supporting documents for Loan request (e.g., Purchase Order, Sales contract).

Process Flow:

- Loan Application and supporting documents are reviewed.
- Supporting documents for Loan request (e.g., Purchase Order, Sales contract).
- Loan's eligibility is checked based on supporting documents

Cutoff Time for request submission: 2:30 PM IST
Turnaround Time (TAT): Same Day Processing for clean transaction

2.7. Standard Charges

A comprehensive schedule of standard charges applicable to different cross-border transactions can be found on Citi India website:

Link to the standard pricing grid attached herewith: https://www.citigroup.com/rcs/citigpa/storage/public/India/key-policies-commitments/tts-pricing-grid.pdf

Disclaimer: Charges are subject to change and may vary based on transaction specifics and intermediary bank fees

2.8. Escalation Matrix and Grievance Redressal Mechanism

A clear matrix outlines different levels of escalation is communicated to our clients with Service contact points.

Grievance Redressal: A formal process for lodging and resolving customer grievances, including acknowledgment, tracking, and final resolution communication is available on below Link:

https://www.citigroup.com/rcs/citigpa/storage/public/India/key-policies-commitments/grievance-handling-policy-corporate-clients.pdf

3. Disclosure and Customer Awareness

In line with RBI guidelines, to ensure transparency and customer awareness, standard information related to product / service offered are displayed and updated periodically from time to time on Citi Website.

4. Customer Fairness

To ensure customer fairness, Citibank is committed to not charge for any delays in processing cross-border remittances that are attributable solely to the bank and within its control. Any such charges levied inadvertently will be promptly reversed.

5. Internal Oversight and Training

Robust internal systems are essential for maintaining the integrity and efficiency of our cross-border operations:

- **Staff Training:** Adequate and regular training are provided to all staff members involved in handling cross-border transactions. This training covers updated policies, regulatory changes, process enhancements, and customer service best practices as part of our process/ regulatory change update process.
- **Succession Planning:** A structured succession planning process is established for key officials dealing with cross-border remittance operations to ensure continuity and expertise.

6. Feedback Mechanism

A structured customer feedback mechanism is in place wherein automated VOC surveys are triggered at random post resolution of query, and the following rules are in place for the same.

Once a survey is triggered, it is active for 7 working days, and if client has not completed in 7 working days, the survey link for client expires. Please note that any client who has filled the survey, next survey will be triggered after 6 Months.