

# FEMA Ke Fundae

#FamiliarwithFEMA

## BASICS OF TRADE CREDIT (Part 3 of 3)

Issue No :63

Date :23<sup>rd</sup> August, 2023



Topics already covered in Part 2 :-

- Period of Trade Credit
- All-in-cost Ceiling Limit
- Exchange Rate
- Security to avail TC

For Part 2, refer the below link:-

[https://www.linkedin.com/posts/jsoca\\_trade-credit-activity-7097473615163502593-SfBc?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/jsoca_trade-credit-activity-7097473615163502593-SfBc?utm_source=share&utm_medium=member_desktop)

OR

<https://jainshrimal.com/trade-credit/>



Aman

Hi Mr. FEMA Gyani. I understood about ALL-in-cost, Exchange Rate, Security to avail TC. I have one more question . One of our group company is in SEZ , I want to know about the provisions that I need to comply with.

Yes. There are some separate provisions for this.



The FEMA Gyani

## Trade Credits in SEZ/FTWZ

**1**

**TC can be raised by a SEZ unit** or a developer:

- **Within a SEZ** including Free Trade Warehousing Zone (FTWZ) **OR**
- **from a different SEZ** including FTWZ.

**2**

TC transactions in respect of SEZ should be in compliance with applicable provisions of **SEZ Act, 2005**

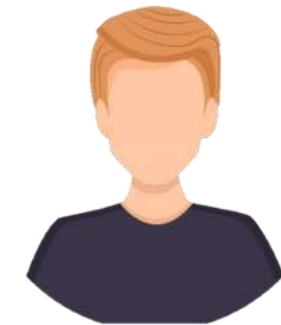


Aman

Got it. I understood about the provisions of Trade Credit. Now I want to know about the reporting requirements of availing Trade Credit.

There are **two ways** of Reporting requirements in India that the importer needs to comply with. These are:

- 1) Monthly Reporting
- 2) Quarterly Reporting



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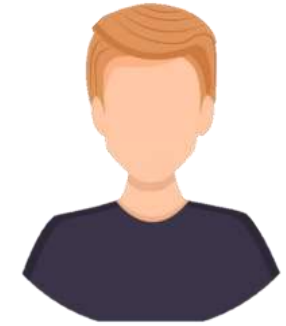


Aman

Can you briefly explain me the same?



## Monthly Reporting



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**1**

AD Category I banks are required to furnish details during a month of TCs like drawal, utilisation, and repayment of TC, in a consolidated statement in **Form TC**.

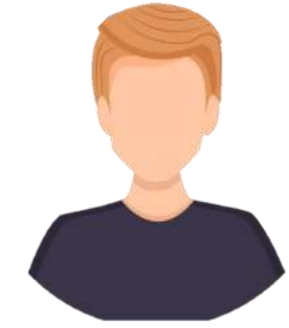
**2**

The Form should be furnished not later than **10<sup>th</sup> of the following month** to the Director, Division of International Trade and Finance, Department of Economic Policy and Research, and RBI.

**3**

**Format of Form TC** is available at Annex IV of Part V of [Master Directions – Reporting under Foreign Exchange Management Act dated January 1, 2016](#), as amended from time to time.

## Quarterly Reporting



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1

AD Category I banks are also required to furnish data at quarterly intervals on issuance of bank guarantees for TCs, in a consolidated statement on the **XBRL** platform.

2

For the above purpose AD banks may login using their User name, Password and Bank code.

**Format of this statement** is also available at Annex V of Part V of [Master Directions – Reporting under Foreign Exchange Management Act dated January 1, 2016](#), as amended from time to time.

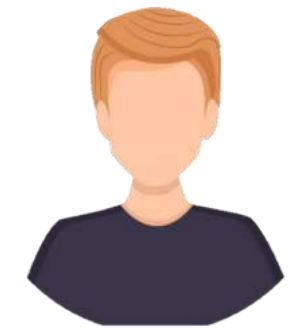


Aman

Okay Mr. FEMA Gyani! Thankyou so much.

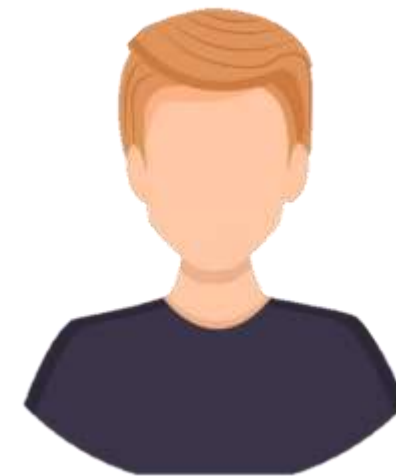
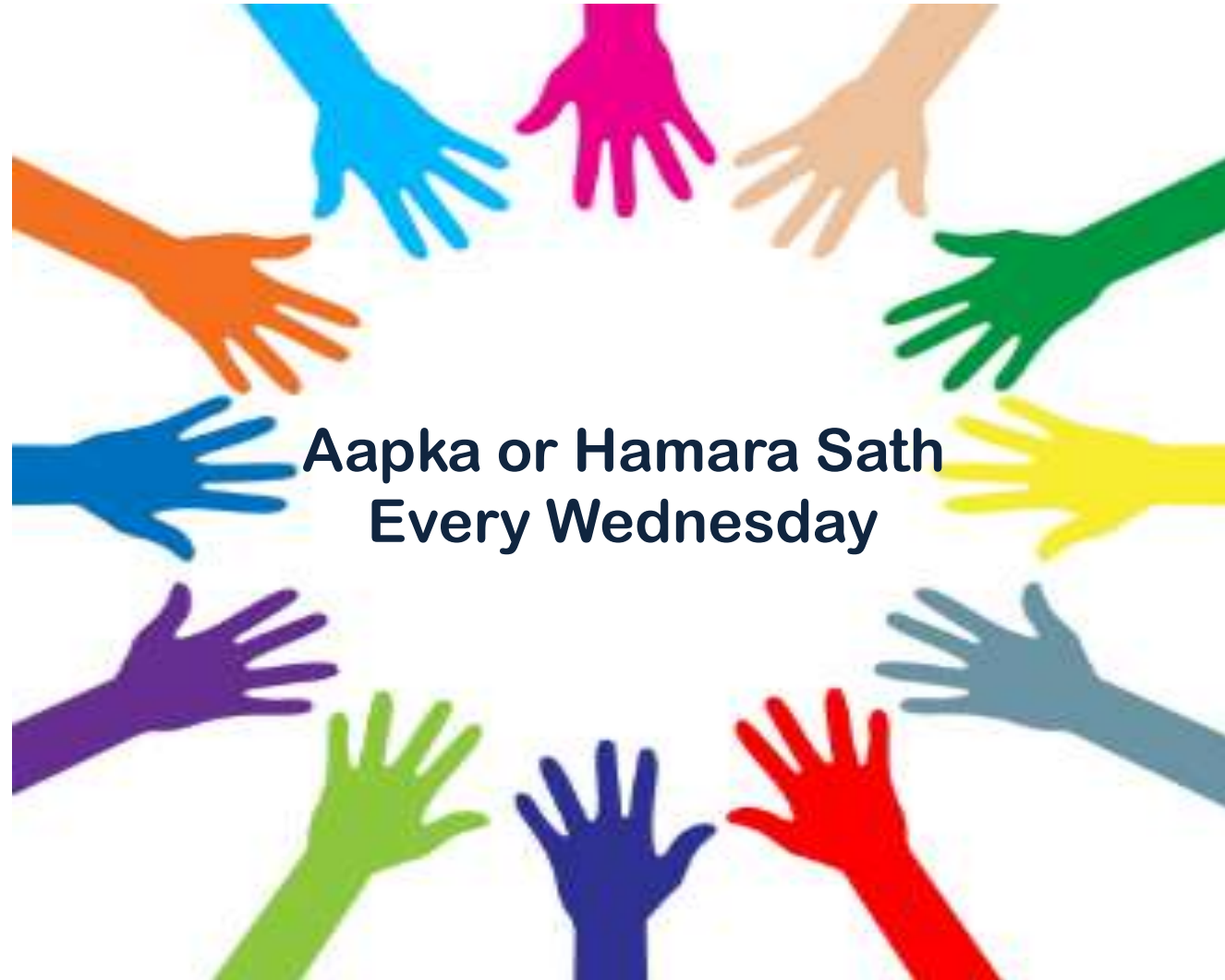
I have understood nitty-gritties of Trade Credit.

You're Most Welcome Aman!!  
Happy to help.



The FEMA Gyani

# Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



<https://in.linkedin.com/company/jsoca>

WEBSITE

<https://jainshrimal.com/>



International Tax Gyan  
WhatsApp group



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