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Goverment Of India

Director General SEZEPC <dg@sezepc.in>

Exportrs Problems - SEZ Export Promotion Council - Meeting with Exporters' Bodies chaired by the Governor, Reserve Bank of India on June 25, 2026

4 messages

Director General SEZEPC <dg@sezepc.in> 2 July 2026 at 14:26
To: CGM-In-C FED <cgmincfed@rbi.org.in>, Arjya Chakrabarti <arjyachakrabarti@rbi.org.in>
Cc: Trade <fedcotrade@rbi.org.in>, Rahul Aasre <rahulasre@rbi.org.in>, Srikanth Badiga <badigasrikanth@phoenixindia.net>, Shyamali Banerjee RD SEEPZ <rdseepz@epces.in>, governor@rbi.org.in

Dear Sir

Please refer to the meeting of Reserve Bank of India with the Representatives of Export Organisations in Mumbai on June 25, 2026.

The RBI Governor requested that we send a formal representation regarding the issues raised in the meeting by the Export Promotion Council for EOUs and SEZs (SEZEPC). Shri Badiha Srikanth, Chairman had participated in the meeting.

There are three issues that require intervention by the RBI :

(A) **INR Payment for supply of services from SEZ to Domestic Tariff Area**

In Special Economic Zones, the units have been mandated to take payment in foreign currency from the DTA entities for the services provided to them. There is no such requirement in case of supply of goods to DTA entities. Mandating payment in foreign currency for transactions happening between two entities situated in India is against the foreign exchange management policy. It is also Government policy of promoting INR and conserving foreign exchange.

It is happening due to strange interpretation of the definition of services in the SEZ Act which as per Sec 2(z) , which is :

"services" means such tradable services which,-
(i) are covered under the General Agreeemnt on Tarde in Services annexed as IB to the Agreement establishing the World Trade Organisation at Marrakes on the 15th day of April 1994;
(ii) may be prescribed by the Central Government for thepurpose of this Act; and
(iii) earn foreign exchange;"

Earning foreign exchange should only be required for international transactions, not for transactions between an SEZ entity and a DTA entity as both entities are situated in India. SEZs are in India and are deemed to be outside only the custom terriotry of India as perScetion 53(1) of the SEZ Act.

This requirement of payment in foreign currency has created many problems in the provision of services by SEZ units to DTA entities as per the following :

(i) It increases transaction costs as DTA entity has to buy foreign currency on payment of commission to AD bank and then again SEZ unit has to convert this foreign currency in INR on commission to AD bank.

(ii) It discourages DTA entities from buying services from SEZ entities because they have to make payment in foreign currency. SEZ units situated in MIHAN, Nagpur SEZ or GMR Aero SEZ in Hyderabad are unable supply MRO services to DTA Airlines, L&T MBDA Missile Systems ,a SEZ unit in Coimbatore, is unable to provide MRO services to Indian Air Force/Ministry of Defense, SEZ IT units are anable to provide software development services to PSUs /Government offices. This forces these DTA units to import these services.

In view of the above, it is requested that the RBI mandate that payment for services provided by SEZ units to DTA entities will be in INR.

(B) Regularisation of EDPMS entries in case of exports to non-sanctioned countries routed through ports located in Iran.

Exporters face significant difficulties closing export transactions under EDPMS when shipments are routed through Iranian ports, despite the ultimate destination, consignee and payment realization being from non-sanctioned countries.

A common example is exports to Uzbekistan, a landlocked country that relies heavily on the Port of Bandar Abbas in Iran as its nearest and most commercially viable gateway. In such cases, when the consignee and final destination are in Uzbekistan, and export proceeds are duly realized by the Uzbek buyer through normal banking channels, the shipping bill necessarily mentions Bandar Abbas, Iran, as the port of discharge or transit point.

However, several banks are refusing to regularize or close the corresponding EDPMS entries merely because the word "Iran" appears in the shipping documentation. Such an approach overlooks the actual nature of the transaction and fails to distinguish between exports to Iran and exports routed through an Iranian port to a third-country destination.

The issue is further aggravated by the fact that banks are often unwilling to examine the complete set of export documents, including the commercial invoice, bill of lading, consignee details, final destination and proof of realization of export proceeds. Instead of seeking clarification from the Reserve Bank of India or other competent authorities, or undertaking a proper examination of the transaction, banks are adopting an excessively restrictive interpretation that results in unnecessary delays and hardships for genuine exporters.

In several instances, exporters are left with outstanding EDPMS entries despite full realization of export proceeds, which adversely affect their compliance status, export incentives, banking relationships, and future export operations. There is also concern that such unresolved EDPMS cases are being used by certain banks as leverage during negotiations on unrelated banking matters, causing additional hardship to exporters.

It is therefore requested that RBI may issue appropriate directions/advisories to banks to assess such transactions based on their actual substance and commercial reality, rather than solely on the appearance of the word "Iran" in shipping documents. Banks may be instructed to consider the final consignee, ultimate destination, nature of the transaction, and realization of export proceeds before withholding EDPMS closure.

(C) Excessive bank charges for export bill regularisation in EDPMS

Service sector SEZ units have reported high charges by AD banks for regularization of export bills—ranging from ₹500 to ₹1,700 per invoice—impacting small IT/ITES units. RBI is requested to regulate or cap charges at a nominal rate per invoice or **adopt** a slab system to ease compliance and support small exporters.

It is requested that RBI kindly examine these problems facing exporters and issue appropriate instructions/advisories to AD Banks and the Commerce Ministry (in respect of A above).

Regards,

Alok Chaturvedi
DG SEZEPC

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> On Sat, 20 Jun 2026 at 14:30, Arjya Chakrabarti <arjyachakrabarti@rbi.org.in> wrote:
>> Madam / Dear Sir,
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>> On behalf of the Reserve Bank of India (RBI), we invite you to a high-level meeting with Exporters' Bodies, chaired by the Governor, Reserve Bank of India. The meeting aims to engage with key stakeholders in the export sector, discuss current operational challenges, regulatory concerns, and outline measures taken by the Bank to support the export ecosystem.
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>> 2. Meeting Details
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>> * Date: June 25, 2026
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>> * Time: 3:00 P.M. to 5:00 P.M.
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>> * Venue: 25th Floor Auditorium, Reserve Bank of India, Central Office Building, Shahid Bhagat Singh Road, Mumbai 400001
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>> * Chair: Governor, Reserve Bank of India
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>> 3. We request each export organization to nominate a maximum of three representatives to attend the meeting. Kindly confirm the names and designations of the participants by June 22, 2026.
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>> 4. To ensure a productive discussion, we request your organization to prepare a concise list of key issues, operational challenges, and suggestions relevant to the export sector. This document may please be shared with us by June 22, 2026.
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>> 5. Kindly confirm your participation and share the list of nominees via email to fedcotrade@rbi.org.in; arjyachakrabarti@rbi.org.in and rahulasre@rbi.org.in.
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>> 6. We look forward to your presence and valuable insights, which will contribute significantly to strengthening India's export framework.
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>> सादर / Regards,
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>> आर्जो चक्रबर्ती / Arjya Chakrabarti
>> सहायक महाप्रबंधक / Assistant General Manager
>> व्यापार प्रभाग / Trade Division
>> विदेशी मुद्रा विभाग / Foreign Exchange Department
>> केन्द्रीय कार्यालय / Central Office
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