

**Republic of the Union of Myanmar
Central Bank of Myanmar**

Guideline on payment procedures for using the special rupee vostro account (SRVA) in the India-Myanmar bilateral trade

1385, 15th Waxing Day of Pyatho
(25 January 2024)

1. The Central Bank of Myanmar, exercising the powers conferred by sections 17 and 22 Foreign Exchange Management Law, has issued this guideline on payment procedures for using the special rupee vostro account (SRVA) in the India-Myanmar bilateral trade.
2. According to the agreement of the Reserve Bank of India and the Department of Financial Service (DFS), Ministry of Finance India, on the concept note negotiated between the Central Bank of Myanmar and the Embassy of India in Myanmar on the Reserve Bank of India's Circular 10, and letter no. YAN/AMB/56/2023 dated 5.3.2023 of the Embassy of India in Myanmar, the following shall be complied with when making payment using the special rupee vostro account (SRVA) in the India-Myanmar bilateral trade:
 - (a) **Scope of application**
 - (1) Bilateral trade includes border trade and normal trade.
 - (2) From India, Punjab National Bank (PNB) (New Delhi) shall act as designated bank, and Punjab National Bank (PNB) (Yangon Representative Office) shall make necessary communications.
 - (3) From Myanmar, CB Bank PCL and UAB Bank shall act as designated banks. More banks may be designated according to business needs.
 - (b) **Banking arrangements**
 - (1) Designated banks shall implement the specified mechanism (Attachment 1) in Indian rupees.
 - (2) Designated banks shall open a special rupee vostro account (SRVA) at PNB (New Delhi).



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

- (3) The Myanmar designated banks shall open an Indian rupee account for exporters/importers which will be operated under the special rupee vostro account (SRVA) mechanism.
- (4) The opening status of Indian rupee accounts shall be reported daily to the e-mail address of the Foreign Exchange Management Department of the Central Bank of Myanmar at fx.femd@cbm.gov.mm and the e-mail address of the Rupee/Kyat Settlement Working Group at lcrworkinggroup@cbm.gov.mm.
- (5) The Indian rupee account may be used only for receipts from exports to India and payments for imports from India. Payment for imports with the Indian rupees of exporters/importers and their resale to designated banks and other importers shall be carried out in accordance with the directives of the Central Bank of Myanmar related to foreign exchange supervision.
- (6) Exporters/importers shall act according to the regime [*literally, "regulations and disciplines"*], orders / directives and order notices issued by the Central Bank of Myanmar.
- (7) The following particulars shall be included in the Agreement for Bilateral Trade Payments signed by mutual consent:
 - Exporters/importers in Myanmar wishing to operate with this mechanism shall contact a designated bank to obtain commercial services.
 - Must include methods to inject money into the SRVA of domestic designated banks; arrangements to freely transfer surplus Indian rupees in the SRVA to other foreign currencies; arrangements to transfer the SRVA of Myanmar banks among themselves; arrangements to provide liquidity support if Indian rupee liquidity is needed.
 - Settlement of transactions shall be done within two (2) business days from the trade date (T+2) for regular payments.

(c) **Payment mechanism**

- (1) Documentary collection (document against acceptance-DA/document against payment-DP)
- (2) Advance payment for goods (by telegraphic transfer TT)



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

- (3) Shipment of the goods in advance, to be paid for after receipt (open account) (by telegraphic transfer TT)
- (4) Documentary credit/ letter of credit - L/C

(d) **Particulars where PNB, Representative Office shall cooperate**

If there is a transaction issue with amounts receivable / payable by local banks that may be received / paid through an SRVA account with PNB (New Delhi), PNB, Yangon Representative Office shall cooperate and support communication with PNB (New Delhi).

(e) **Exchange rate to be used**

The Indian rupee/Myanmar kyat exchange rate to be used in bilateral trade shall be as follows:

- (1) As to the exchange rate to be used when designated banks add Indian rupees to the SRVA account with PNB (New Delhi), and when they want to convert and transfer as needed an excess of Indian rupees in the SRVA account, PNB shall proceed with the mutually agreed market rate.
- (2) As to the Indian rupee/Myanmar kyat exchange rate used when settling accounts for export earnings and import payments between domestic banks and importers/exporters, this shall be processed at the market rate.
- (3) The Indian rupee/Myanmar kyat exchange rate used for processing domestic bank transactions shall be sent 4 times a day in the prescribed format of the Foreign Exchange Management Department of the Central Bank of Myanmar.

(f) **Currency exchange**

- (1) If there is a desire to convert and transfer (convertibility) to another currency surplus Indian rupees in an SRVA account of Myanmar designated banks with PNB (New Delhi), and to transfer monies among SRVAs of Myanmar designated banks, PNB (New Delhi) shall carry out the proposed "transfer of SRVA of another bank of the same country".
- (2) The topping up (replenishment) from another currency to Indian rupees to meet a demand for Indian rupees in the SRVA account, and the remittance from another Indian rupee account of Myanmar designated banks to an SRVA account shall be submitted through PNB (New Delhi) to the Reserve Bank of India for approval.



(g) Trade documents

Domestic banks shall obtain the following supporting documents when processing payments for importers/exporters:

- Application for remittance
- Import / export license
- Transaction contract
- Import / export customs declaration
- Shipping document
- Sales receipt
- Packing list
- Tax clearance certificate (tax payments have been made for the fiscal year prior to the fiscal year in which the business is conducted)
- Undertaking (online import/export license is valid; concerning the money transfer and conversion)

(h) Bank charges

The rates to be charged between PNB and Myanmar designated banks and the rates to be charged between designated banks and importers/exporters are as per Attachment-2. Basic bank charges shall be charged at the minimum rate according to international practice and not more than this rate shall be charged.

(i) Reporting

Myanmar designated banks shall report the status of activities with Indian rupees using the SRVA account for bilateral trade by 3:30 p.m. daily to the Foreign Exchange Management Department of the Central Bank of Myanmar and the Indian Rupee/Myanmar Kyat Settlement Working Group.

(j) Security measures

In order to secure transactions, applications related to security measures such as encryption, secure servers and fraud detection tools shall be used, both banks shall implement secure transaction access for customers that export/import, and dispute

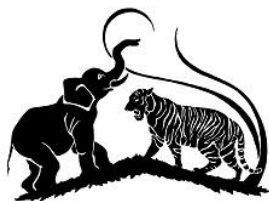


LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

resolution schemes shall be implemented for the event that any dispute arises between the parties from carrying out a transaction.

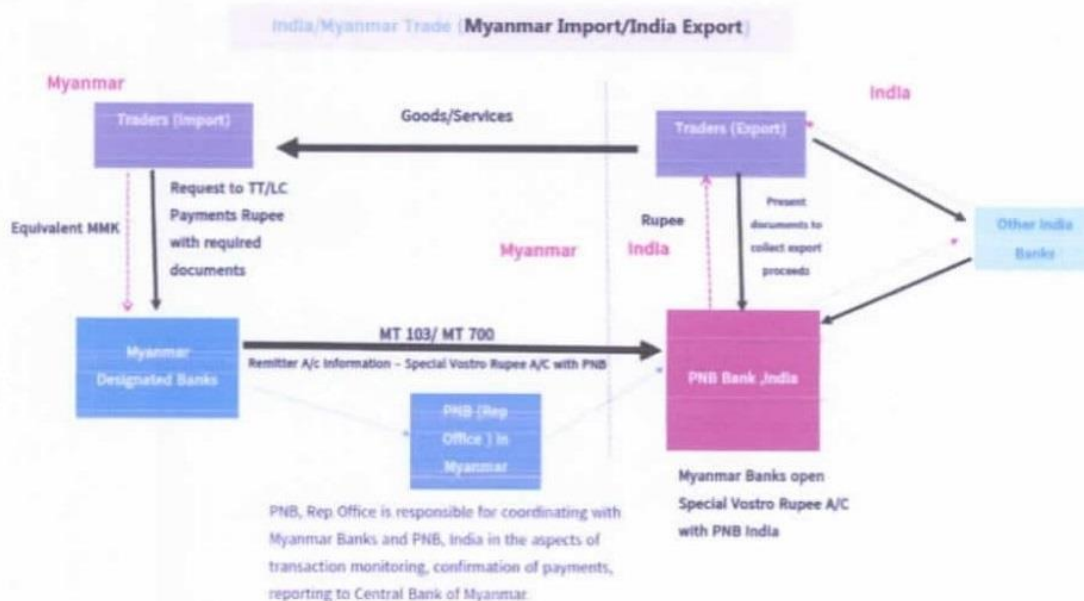
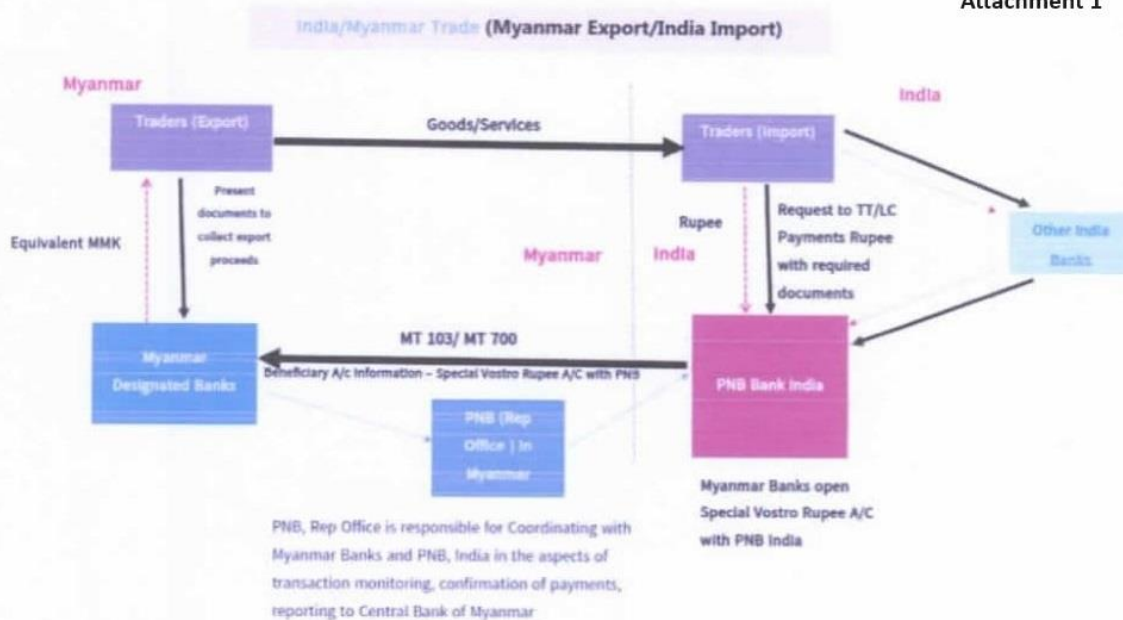
3. Myanmar designated banks shall comply with the directives of the Foreign Exchange Management Department of the Central Bank of Myanmar when carrying out the procedures to be carried out regarding foreign currency in the Indian rupee accounts of importers/exporters opened under the special rupee vostro account (SRVA) mechanism.

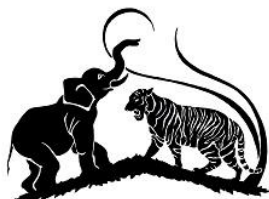
On behalf of the Governor
(Zaw Myint Naing, Vice Governor)



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

Attachment 1





LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

Rates of Bank Charges

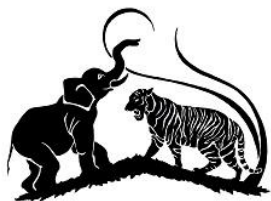
Attachment 2

Sr.	Contents	Rate to be charged
(a)	Rate to be charged between PNB and the designated bank	
1.	Account Maintenance Fee	INR 5,000.00 per month
2.	Minimum Balance	INR 1,000,000.00 /-
3.	Charges for not maintaining Minimum Balance	INR 2,500.00 /- per half year
4.	Account Statement	Daily Advice through SWIFT message MT 950 and MT 940(Monthly)- Free of Charge
5.	Interest on Overdraft	Bank's MCLR + 6.00 % p.a
6.	Cancellation of Draft	INR 500.00 /- per instrument
7.	Enquiries relating to old records	
	- Up to 1 months	Free of charge
	- Over 1 month up to 1 year	INR 1,500.00 /- per reference
	- Over 1 year	INR 2,500.00 /- per reference
8.	Stop Payment Instructions	INR 300.00 /- per instrument
9.	Inward Remittance	All Others: Up to INR 100,000.00 Minimum INR 150.00 Above INR 100,000.00 - 0.15% of the amount with a Minimum of INR 500.00 /- and Maximum INR 7,500.00 /- (Including cost of FIRC/Courier Charges/ Post
(b)	Rate to be charged between designated banks and a customer	
1.	Inward Remittance	INR 400.00
2.	Outward Remittance	01-1,000,000.00 - INR 600.00 1,000,001-5,000,000.00- INR 2,000.00



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

		Above 5,000,000.00 -0.125% on Principle Amount, Min INR 2,100.00 + SWIFT Charges INR 500.00
3.	Payment Amendment/ Cancellation Fee	INR 200.00 + SWIFT Charges INR 250.00
4.	Book Transfer	INR 200.00
5.	Export LC Advising/Amendment/ Cancellation/ Import LC Cancellation Chargers	INR 1,000.00~1,100.00 + SWIFT Charges INR 250.00
6.	Export Bill Handling (Under LC and Documentary Collection)/ Import Bill Handling Commission (Under LC/Collection)	0.25% of bill amount (or) Min INR 4,000.00 + SWIFT Charges INR 250.00
7.	Import LC Issuing/ Amendment Commission on Length of time + the Same Increase	0.25% of LC amount for 3 months or thereof (or) Min INR 4,000.00 Max INR 120,000.00 + SWIFT Charges INR 250.00
8.	Import L/C Usance Acceptance/ deferred Payment Commission/ Import Bills Under Documentary Collection / Import Drawing Against Expired LC	0.125% per month on the Bills amount Min INR 4,000.00 + SWIFT Charges INR 250.00 + Tracer INR 500.00
9.	Import Discrepancies Acceptance Charges	INR 5,000.00 + SWIFT Charges INR 250.00
10.	Shipping Guarantee Issuing Commission	0.25% of Bills Amount Par 3 Months (or) Equivalent MMK Cable Charges INR 250.00 Min INR 4,000.00



LINCOLN LEGAL SERVICES (MYANMAR) LIMITED

About Lincoln Legal Services (Myanmar) Limited

Lincoln Legal Services (Myanmar) Limited provides the full range of legal and tax advisory and compliance work required by investors. We pride ourselves in offering result-oriented work, high dependability and a fast response time at very competitive prices. Please do not hesitate to contact us:

- Sebastian Pawlita, Managing Director
Phone: +95-9-262546284 (English)
E-Mail: sebastian@lincolnmyanmar.com
- Nyein Chan Zaw, Director
Phone: +95-9-790488268 (Myanmar)
E-Mail: nyeinchanzaw@lincolnmyanmar.com

Office address: La Pyi Wun Plaza, Room 409 (4th Floor), 37 Alan Pya Pagoda Road, Dagon Township, Yangon

Web: www.lincolnmyanmar.com