

Problems with non-payment of exporters' dues explained



From left, Ms. Debdatta Nandwani, Dy. Director General FIEO(ER); Mr. P. T. Srinath, Dy. Director, FIEO(ER) and Ms. Shoba Avula, Senior Manager-GTS Operations, ABN Amro Bank.

The Federation of Indian Export Organizations (ER) in association with ABN AMRO Bank organized a workshop on UCP 600. This was held in the background of the rejections by various international banks citing discrepancies of UCP 600 in the letters of credit negotiated by the Indian banks and not making payment. The workshop was organized by FIEO with ABN AMRO in view of their expertise it has in this matter and the regular training sessions it has with various institutions on UCP 600.

The presentation on UCP 600 was organized in a question and answer format wherein various problems which could occur were highlighted and the answers were provided to the same. The presentation was done by Ms Shobha Akula of ABN AMRO Chennai office and coordinated by their Kolkata office.

One of the major highlights of the presentation was that the documentary credit was a financial document and was unaffected by the vagaries occurring in physical transaction of goods. It was stated that the same could be kept aside when the bank examines the goods. It is assumed that the problems with the physical transaction – like quality of goods not being at par and the delivery of the goods – were not to be highlighted at the time of examination of documents. Once the goods were accepted, the negotiating bank had to pay irrespective of the buyer's instructions since the goods have already been

accepted. The issue of poor quality of goods can be taken up subsequently between the buyer and seller.

The session was well received by the exporter members of FIEO(ER) who numbered 20 in total and consisted of those who were affected by such non-payments from countries like Australia, Bangladesh and the US.

The presentation was followed by a lively interactive session. The vote of thanks was proposed by Mr P.T. Srinath, Dy. Director, FIEO(ER). ■



A view of the participants