Understanding the EDPMS issue

What is the issue?

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The EDPMS issue has caused a contention between the RBI and exporters.

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What is EDPMS?

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- The Export Data Processing and Monitoring System (EDPMS) is an online software introduced by the RBI in 2014 for all banks to bring their transactions with the exporters online.
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- Under the system, the banks download the shipping bills or softex forms issued by export agencies such as customs, special economic zones (SEZ) and Software Technology Parks of India (STPIs), bill of entry issued by ports.
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- This data is then matched with the data on inward remittance of export proceeds from the exporting company.
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- The data set allows banks to immediately track the status of each consignment exported with all instruments and also allows exporters to claim benefits faster.
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- It has been cited as an example of improved foreign trade operations done by India and has contributed to the country's improved score in the Ease of Doing Business index.
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What actions of RBI caused contentions with the exporters?

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- Initially the RBI advised banks to get tough with exporters that do not file

details of their export consignments through EDPMS.
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- Even after several reminders to the banks and exporters, the export data was not up to date.
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- Therefore, the RBI has now warned the banks that exporters whose data are not captured by the software will figure in a Caution List.
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- Once on the list, exporters are denied packing credit which hampers their exports and it also leads to non-negotiation of 'non-letter of credit bills'.
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- So even if the goods reach the buyer on time, the banking documents get delayed which will lead to extra cost and demurrage charges to be paid by the exporters.
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- Currently, about 90,000 exporters figure on the Caution List, of which about 65,000 are active exporters.
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- The exporters complain the banks for shortage of manpower in filling up the necessary data.
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- Since EDPMS creates transparency, some exporters are not keen to fill in the details of their inward remittances with the system.
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Why is the RBI keen on EDPMS?

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- The EDMPS will not only improve India's business climate, but the data will be crucial for the RBI to discover at any point of time how much of the dollar remittances meant for India are floating abroad.
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- This data is significant data as it will determine the extent of hedging against the Indian rupee and can help the RBI to manage operations in the forex market.
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- Therefore to ensure all the data is updated before Dec 31st 2018, RBI has warned to forward the names of exporters who have not updated, to the Enforcement Directorate under the FEMA.
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Source: Business Standard

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