



INSTRUCTION CIRCULAR
NUMBER.....103

SUBJECT REVISION OF PROCEDURE WITH REGARD TO PAYMENT AGAINST DOCUMENTS (PAD)	PAGE 270
	DATE December 21, 1982
	QUERIES TO: Systems & Operations Division

We refer to Instruction Circular Number 091 of January 22, 1982.

In terms of the relevant Articles of the Uniform Customs for Documentary Credit (1974 Revision), a bank issuing a letter of credit must examine documents received against their credit to ascertain that they appear on their face to be in accordance with the terms and conditions of the credit. And, if the bank determines that the documents are not in accordance with the terms of the credit, they must give notice to this effect, within reasonable time, by cable or other expeditious means, to the negotiating bank that their claim for payment or acceptance, or their negotiation was not effected in accordance with the terms of their credit and the documents are being held at the disposal of negotiating bank.

Considering the above requirements of Uniform Customs for Documentary Credit (1974 Revision) the following paragraphs of the Circular under reference have been revised :-

Scrutiny of Documents

1. The concerned officer should scrutinize the documents (as per the Checking Sheet in respect of Documentary Credits - specimen enclosed). He should ensure that documents are in strict conformity with the terms of the relative letter of credit and satisfy the requirements of Uniform Customs for Documentary Credits (1974 Revision). Discrepancies, if any, should be listed on the Checking Sheet. Documents over an amount stipulated by respective Regional Office should also be checked by Assistant Manager/Manager of the Branch.
2. In their covering schedule, the negotiating bank may list the details of discrepancies noted by them. They may have negotiated the documents despite discrepancies against a guarantee received from the beneficiaries/beneficiaries' bankers. Despite the list of discrepancies pointed out by the negotiating bank, branches should scrutinize the documents as described above, as the Indemnity held by the negotiating bank does not absolve the branch from its responsibilities to check documents.
3. Scrutiny of documents must not be delayed beyond two working days from the date of receipt of documents.

Advice to Openers

4. On receipt of documents, branches should immediately advise the openers the details of the documents received. They should also advise to the openers the details of all the discrepancies noted by them and by the negotiating bank and calling upon them to advise their acceptance of the documents. Where it is customary to allow openers to delay payment until arrival of merchandise, it must be remembered that the concession is strictly a local financial arrangement between the branch and the opener. The