

# FEMA ke FUNDAE

**Receipt of advance  
against exports**

**#FamiliarwithFEMA**

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**Jain Shrimal & Co.**

Hi Mr. FEMA Gyani, I have a company in India that is into the business of export of shoes. This time I've received a big order for 1000 pair of shoes. Now, as this is a huge order, I need advance from client to complete it. Is it possible under FEMA to receive advance payment for export of goods?



**Arnav**

**Jain Shrimal & Co.**

Hi Arnav, Yes, you can receive the advance for export of goods. Some points are required to be kept in mind for this. Let me take you through that



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1. You need to ensure that the shipment of goods is made within 1 year from the date of receipt of advance payment.

2. The rate of interest (if any) should not exceed London Inter Bank Offered Rate (LIBOR) + 100 basis points.

3. The documents covering the shipment should be routed through the AD Category-I bank through whom the advance is received.

Ok. One more question; As per our contract, if I could not complete the project within the stipulated time then I have to refund the entire money received. So can I do so?

Well that's not an easy task Arnav. No remittance towards refund of unutilized portion of advance payment or towards payment of interest, shall be made after the expiry of 1 year, without the prior approval of the RBI.



**Arnav**



**The FEMA Gyani**

**Jain Shrimal & Co.**

# Thank You!

Let's meet every  
Wednesday.

To make you more familiar with FEMA,  
we are happy to listen to your

Comments

Feedbacks

Suggestions



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