

FEMA ke FUNDAE

Long Term Export Advance

#FamiliarwithFEMA

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Issue No. : 7

Jain Shrimal & Co.

Hi Mr. FEMA Gyani, I've received a big consignment of export of industrial machines which would take more than 1 year for manufacturing and shipment. Now, as this is a huge consignment, I will need advance for performing the contract. Is it possible to do so?



Anshika

Hello Anshika! Yes, it is possible but you have to take approval of AD Bank to take such advance payment and I'll tell you the pre-requisites for the same.



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4. Progress payment should be received directly from the overseas buyer.

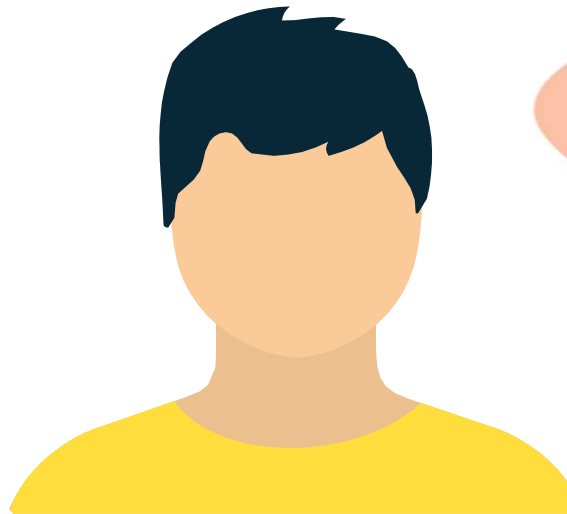
3. The export advance should be utilized only to execute export.

5. The rate of interest on such advance payment shall not exceed LIBOR+100 basis points.

2. Compliance with the Anti-Money Laundering standards has been ensured.

6. There should be no instance of refund exceeding 10% of advance payment received in the last 3 years.

1. The KYC has been done by the AD Category Bank for the overseas buyer.



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7. The documents covering the shipment should be routed through the same authorized dealer bank.

Ok. I have one more question
What if I am unable to complete
the shipment, is it possible to
refund such advance also?



Anshika

No Anshika, in case if you are
unable to make shipment, partly
or fully, no remittance towards
refund of unutilized portion of
advance payment or towards
payment of interest should be
made without the prior approval
of the Reserve Bank.



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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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