

# FEMA ke FUNDAE

**Extension of Time for Import Payments**

**#FamiliarwithFEMA**

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Jain Shrimal & Co.

Hello Mr. FEMA Gyani. Our firm is in the business of trading of electrical appliances. We generally procure the appliances from domestic supplier but it's for the first time we are importing appliances from USA. We imported goods 3 months back and till now, no amount has been remitted to the supplier. Can you guide us what is the time limit for making payment towards import?



**Rahul**  
Director of Indian  
Co.

That's great Rahul! Sure. I'll help you in this matter.



**The FEMA Gyani**

The payment against import has to be remitted **within 6 months** from the **date of shipment**.



The FEMA Gyani

Okay, but I don't think we will be able to make the payment within 6 months as due to the downfall in industry we have liquidity crunch. Is there any provision for extending this time limit?



Rahul  
Director of Indian  
Co.

Yes, AD Banks can extend the time limit for settlement of import dues up to **6 months** at a time and **maximum up to 3 years**.



The FEMA Gyani

Is there any compliance regarding the extension of time limit?



Rahul  
Director of Indian  
Co.

Yes, while granting extension, the AD Banks must ensure that:

1) The import transactions are **not under investigation**

2) In case of extension **beyond one year**, the total outstanding **does not exceed USD 1 million or 10 per cent of the average import remittances** during the preceding 2 F.Y., whichever is **lower**; and

3) The date up to which extension has been granted should be indicated in the 'Remarks' column.



The FEMA Gyani



Rahul  
Director of Indian  
Co.

Okay. Most probably we expect that the industry will get better and we will make the payment in next 9 months.  
But just out of curiosity I want to ask is there any provision for extension of time limit beyond 3 years?



**Rahul**

**Director of Indian  
Co.**

Got it! I have one more query. In one of the proposed case, we are planning to enter into an agreement with supplier to make payment at a future date probably after 1.5 years? So in that case also, do we have to refer to the AD Bank for extension of time ?

Yes, in cases where extension is **beyond 3 years**, they may be referred to concerned **Regional Office of RBI**



**The FEMA Gyani**

Okay, so this is the case of **Deferred Payment Arrangement**.  
In case the terms of imports provide for deferred payment arrangements, beyond a period of 6 months from the date of shipment up to a period of less than 3 years, it is treated as trade credit for which the procedural guidelines laid down in the Master Direction for External Commercial Borrowings and Trade Credits is required to be followed.



**The FEMA Gyani**



**Rahul**  
**Director of Indian**  
**Co.**

Okay Mr. FEMA Gyani. Thanks for your help. It was really insightful!

# Thank You!

Let's meet every  
Wednesday.

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

Comments

Feedbacks

Suggestions



**The FEMA Gyani**

**Jain Shrimal & Co.**



<https://www.linkedin.com/company/jasco>  
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