

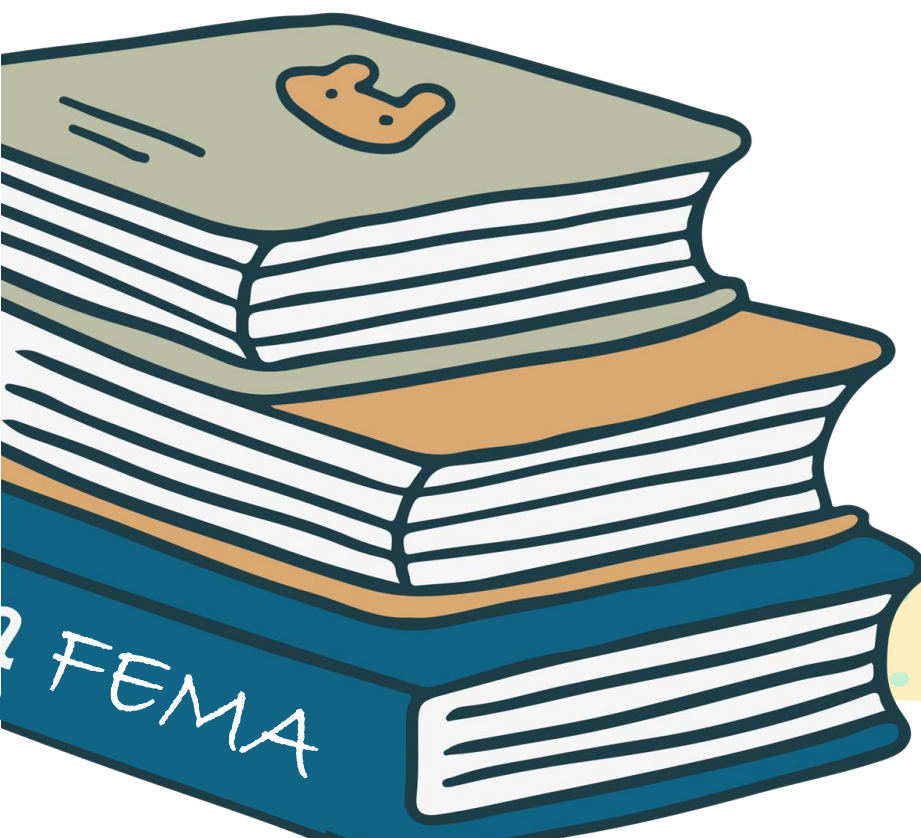
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#FamiliarwithFEMA

Import through
Online Payment
Gateway Service
Provider

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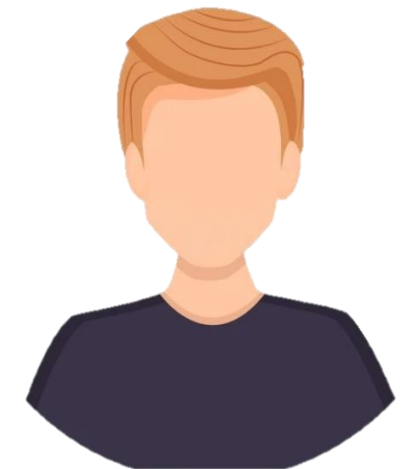




Prem
(Businessman)

Hey! I am Prem, a businessman engaged in importing goods to sell in India. I have heard about a new payment method through **Online Payment Gateway Service Providers** supported by banks. Will this simplify my work?

Of course! AD Category-I banks offer the facility of payment for imports of goods and software of value **up to USD 2,000**. They do this by entering into standing arrangements with Online Payment Gateway Service Providers (OPGSP) to process payments electronically **through credit cards, debit cards, or net banking**.



The FEMA Gyani

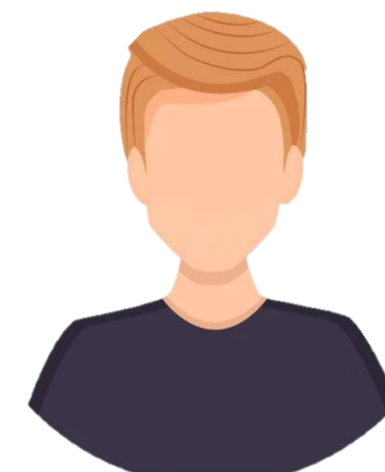




Prem
(Businessman)

Sounds convenient! How does the bank ensure the money reaches the exporter?

Once the payment is received from the Indian importer, the bank ensures the balance are held in the **Import Collection account** and is transferred to the **overseas exporter's account** immediately **not later than two days** from the date of credit to the collection account.



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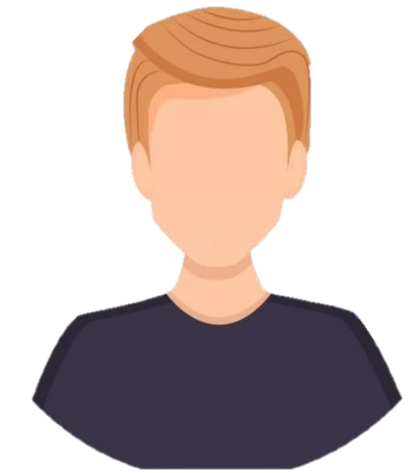
Prem
(Businessman)

So, the funds are transferred quickly. What documents are required to prove that the payment is for imports?





The AD bank will obtain the **invoice and airway bill** from the OPGSP. These documents must include the beneficiary's name and address, serving as proof of the import.



The FEMA Gyani



Okayy!! And what type of credits can be received in the Import Collection account?

**Prem
(Businessman)**

The permitted credits in the account include collections from Indian importers for their online purchases from overseas exporters via credit card, debit card, or net banking.



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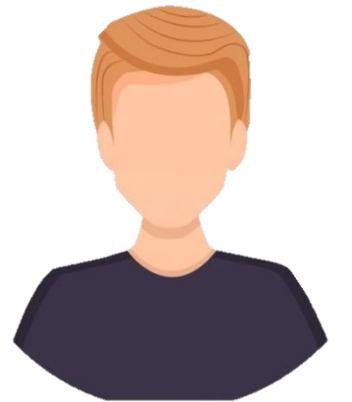




**Prem
(Businessman)**

And how is the money spent from the Import Collection account?

The debits can be used for several things: payments to overseas exporters in the permitted foreign currency, payment to Indian importers for returns and refunds, commission payments to the OPGSP as per the contract, and bank charges for handling the transactions.



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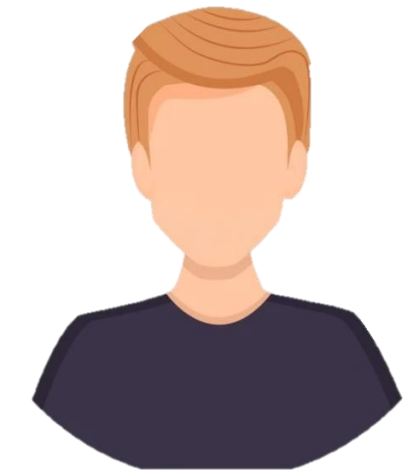
**Prem
(Businessman)**

Are there any restrictions on the payment or commission rates?





Yes, commission payments to the OPGSP are made according to the terms set in the contract between the importer and the OPGSP, based on the agreed rates and frequency.



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**Prem
(Businessman)**

It seems like a straightforward system. Does the bank need to report everything to the RBI?

Yes, all transactions are **reported by the AD Category-I bank to the RBI in the R-Return** under the foreign currency payment head, ensuring compliance with the regulations.



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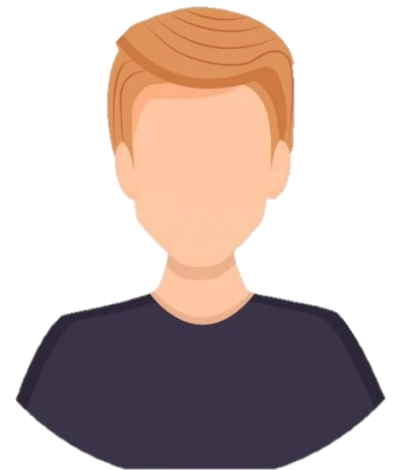




**Prem
(Businessman)**

Got it! So, as long as the import is under USD 2,000, the bank handles everything smoothly through the OPGSP, right?

Exactly! The process is streamlined for payments under USD 2,000, with everything handled electronically and in compliance with the rules. Just make sure to keep all the necessary documents in place.



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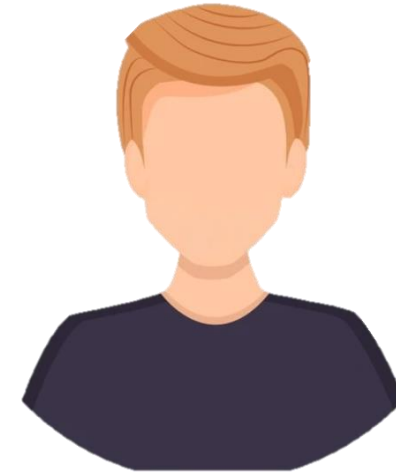
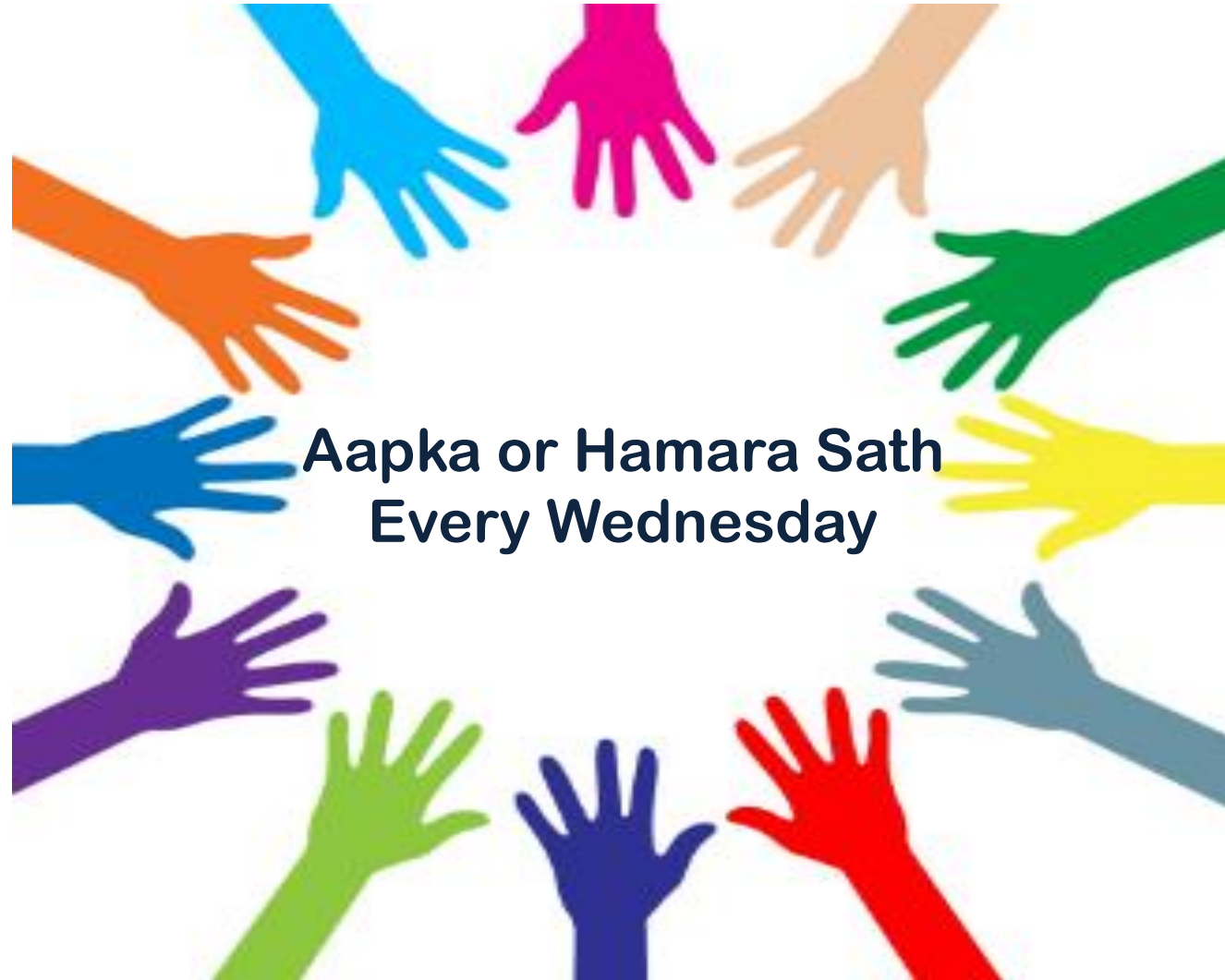


**Prem
(Businessman)**

Great! This sounds like a simple and efficient way to handle import payments. Thanks for explaining all the details!



Thank You



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Comments

Feedbacks

Suggestions



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