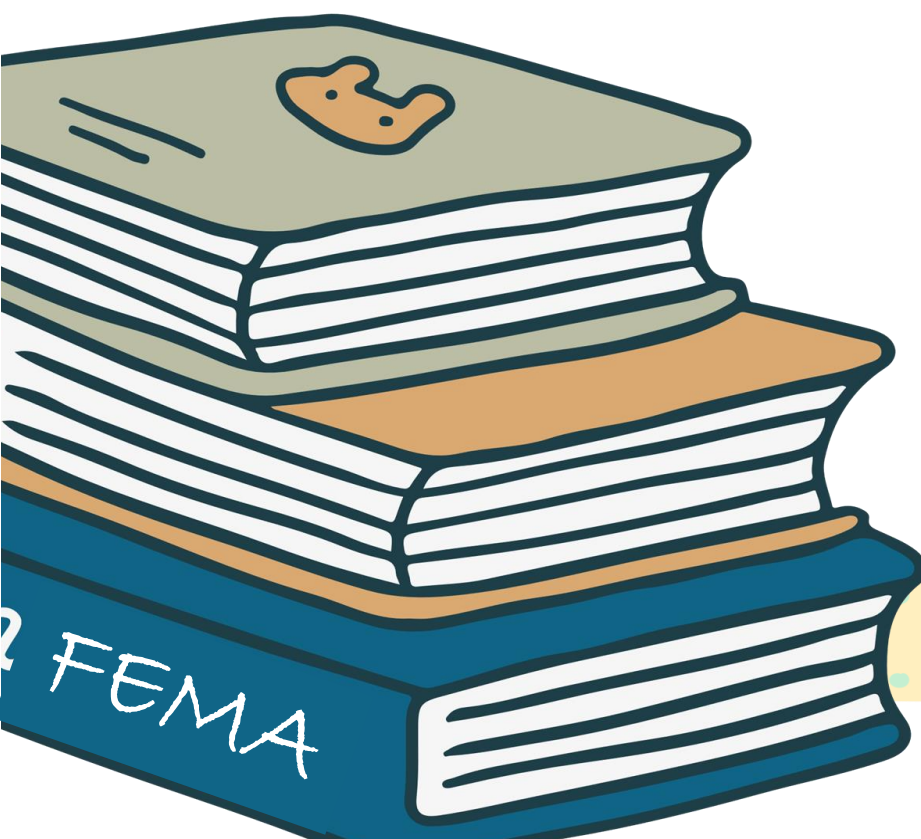


FEMA Ke Fundae

#FamiliarwithFEMA



Date: 28/05/2025

Issue no:155





Amitabh
(Ordinary Resident)

Hey, FEMA GYANI. I'm Amitabh residing in Chennai, I've been reading about exporting goods on a consignment basis. Can you explain how that works under FEMA regulations?

Hello! It's like sending goods on a trial run to another country. The AD Category-I bank has to send shipping documents to its overseas branch or correspondent. There is a twist! They can only release them once the consignee agrees to deliver the sale proceeds by a set date. Pretty strict, right?



The FEMA Gyani

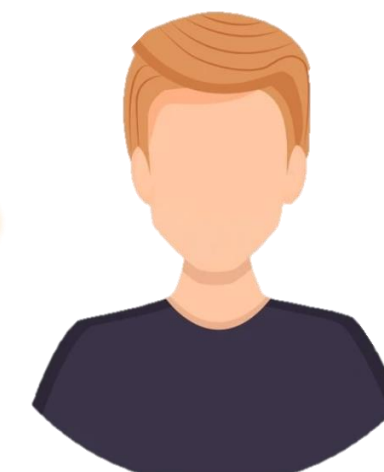




**Amitabh
(Ordinary Resident)**

Sounds a bit like a "trust me, I'll pay you later" deal! What if the consignee has to deduct some expenses before sending the money?

Exactly! You could call it a “**trust receipt**” deal. The consignee can deduct normal expenses like storage, landing charges, and handling costs before sending the net proceeds. But, don't worry, the bank keeps track of all this.



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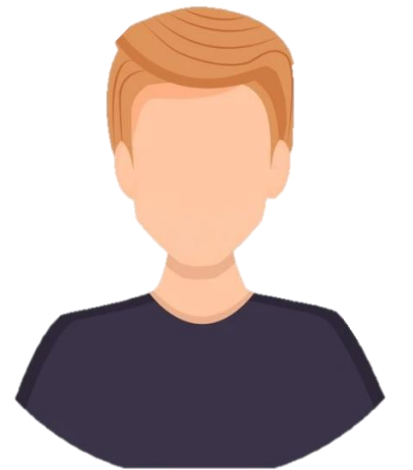




**Amitabh
(Ordinary Resident)**

That's fair enough. But how does the AD Category-I bank keep tabs on the money?

Great question! The bank verifies the "account sales" from the agent or consignee, and any deductions they make must be supported by proper receipts—except for tiny stuff like postage. So, if the consignee charges you for that fancy stamp, the bank's got your back.



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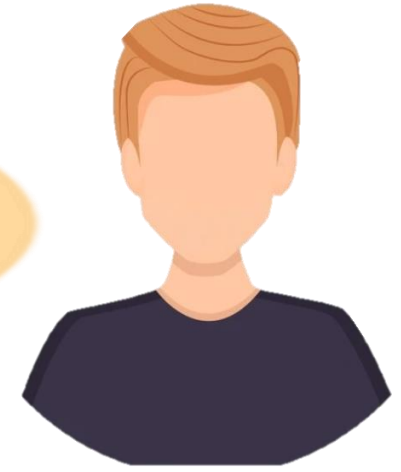
**Amitabh
(Ordinary Resident)**

So, if the goods are not sold before the contract period ends, what happens then?





If the goods remain unsold by the end of the sale contract, the exporter can abandon them. They can then show the unsold goods as a deduction from the export proceeds.



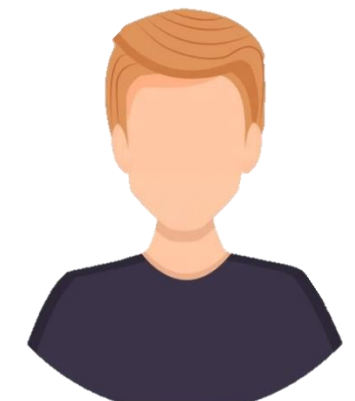
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**Amitabh
(Ordinary Resident)**

So, everything is well-controlled—documents, deductions, insurance, and even unsold goods.

Exactly! The process ensures transparency, protects the exporter, and lets the bank handle the rules, so the exporter can focus on sales. Everything is tracked, and the bank ensures procedures are followed if issues arise.



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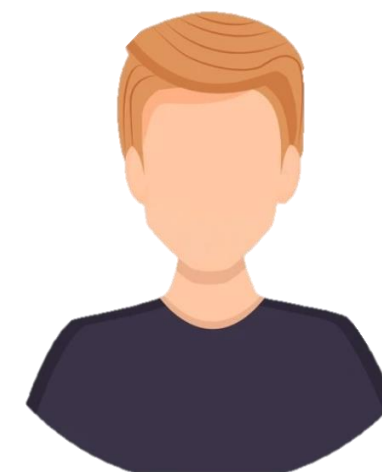




Amitabh
(Ordinary Resident)

Well, that clears up a lot! Thanks for explaining the process so well

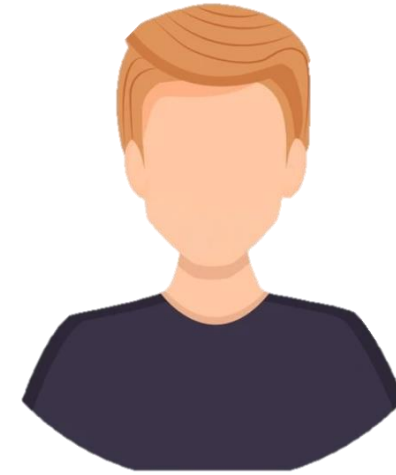
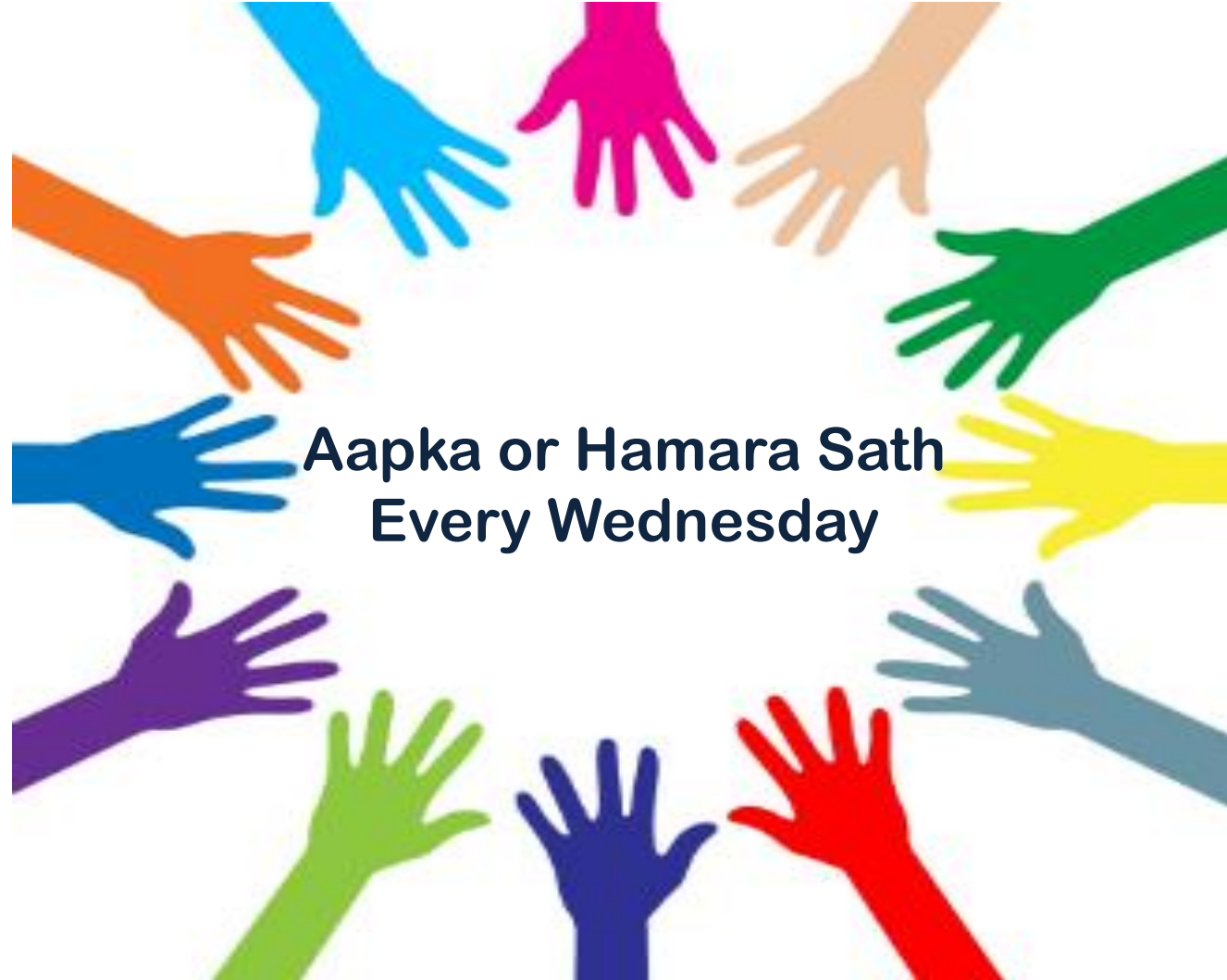
You're welcome!



The FEMA Gyani



Thank You



The FEMA Gyani

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Feedbacks

Suggestions



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