

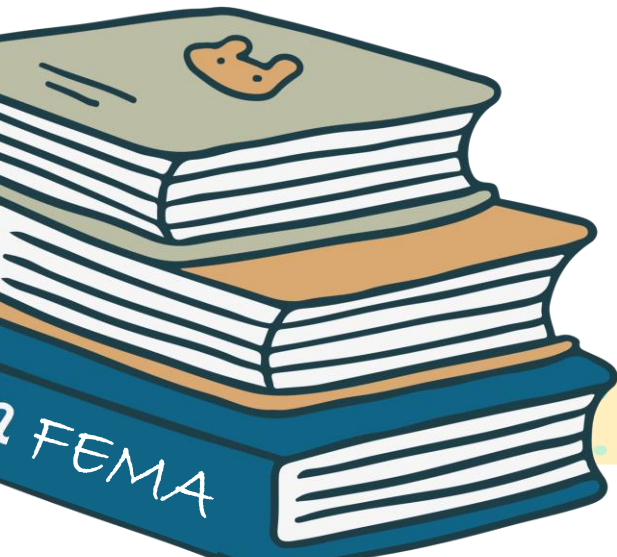
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#FamiliarwithFEMA

Import of Gold and Other Precious Metals (Part 2)

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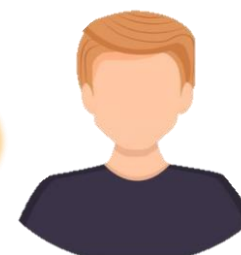




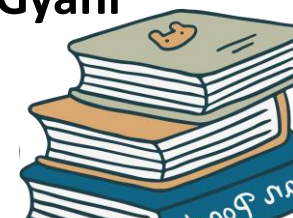
Aaryan
Indian Resident

Hello FEMA Gyani!! My name is Aaryan, and I am in the business of selling platinum and silver. I am considering importing these metals for my business but I am a bit confused about the rules and procedures under FEMA. Could you please help me understand how the import process works in this context?

Of course! For importing precious metals like platinum, palladium, rhodium, and silver, as well as diamonds and precious stones, there are certain guidelines. First, any credit provided by a foreign supplier or through letters of credit used for these imports should generally not exceed 90 days from the date of shipment.



The FEMA
Gyani





Aaryan
Indian Resident

So, if I'm getting a loan or credit from a supplier abroad, I have to settle it within 90 days?

Yes, that's correct. But there's an exception for **clean credit**. If the foreign supplier is giving you credit directly—without any letters of credit or undertaking from Indian financial institutions—you can extend the repayment period to **180 days** from the shipment date. However, if you need even more time, the bank can extend this for an additional 180 days, but only under specific conditions, like financial difficulties or quality disputes.



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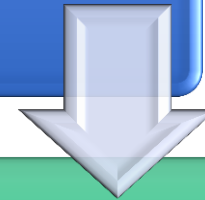
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Indian Resident

Okay, I understand. But what are the conditions for getting this extension from the bank?

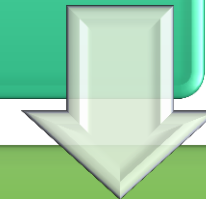


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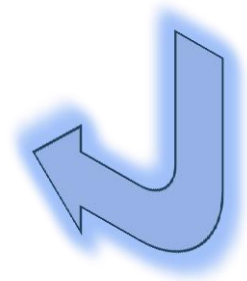
Genuine Reason for Delay : The bank will only grant an extension if satisfied that the reason for the delay is genuine



Compliance and Clean Record: You cannot be under investigation or a frequent offender of such transactions to qualify for the extension.



Interest-Free Period and Reporting : You must prove that no interest is involved for the extended period, and the bank will submit a report to the Reserve Bank of India (RBI) twice a year.



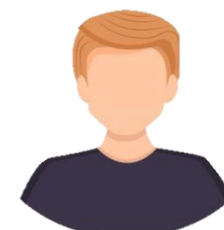


Aaryan
Indian Resident

Got it. But I've heard that banks are very careful about who is importing precious metals and stones, and they want to make sure they know all the details about the importer.



Yes, absolutely! AD Category-I banks ensure that they undertake **due diligence** and follow **Know Your Customer (KYC)** norms and adhere to **Anti-Money Laundering (AML)** guidelines while processing imports. This is to ensure that the transactions are genuine and not being used for interest or currency arbitrage. And remember, Banks are vigilant, especially if there's an abnormal increase in the volume of business.



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Gyani





Aaryan
Indian Resident

That makes sense. I know one of my business friends who is importing these products and mentioned something about buying platinum or silver without a fixed price.

Yes, there's a special provision for platinum and silver. If you're importing these metals, you can buy them on an **unfixed price basis**, meaning the price can be determined later, after you sell it to the end user. The ownership of the metal passes to you when you import it, but the actual price will be set when you sell it.



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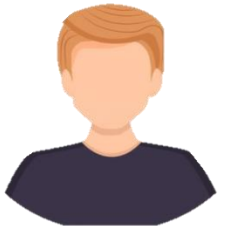
PLANNER



Aaryan
Indian Resident

Interesting! A jeweller I met mentioned that qualified jewellers have specific rules and benefits for importing silver.

Ah, yes. **Qualified Jewellers** recognized by the International Financial Services Centres Authority (IFSCA) can make advance payments for silver imports for up to 11 days. This is part of a regulation that allows qualified jewellers to import silver more efficiently.



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Aaryan
Indian Resident

That clears up a lot of things. Thanks for explaining everything in detail! I feel more confident about handling my imports now.

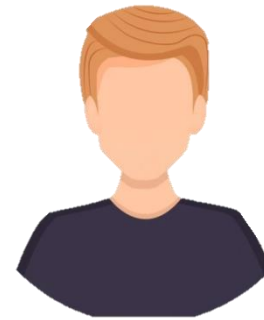
You're welcome! Just make sure to follow the regulations carefully and keep up with the required documentation. Feel free to reach out if you have more questions in the future!



The FEMA
Gyani



Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



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International Tax Gyan
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