

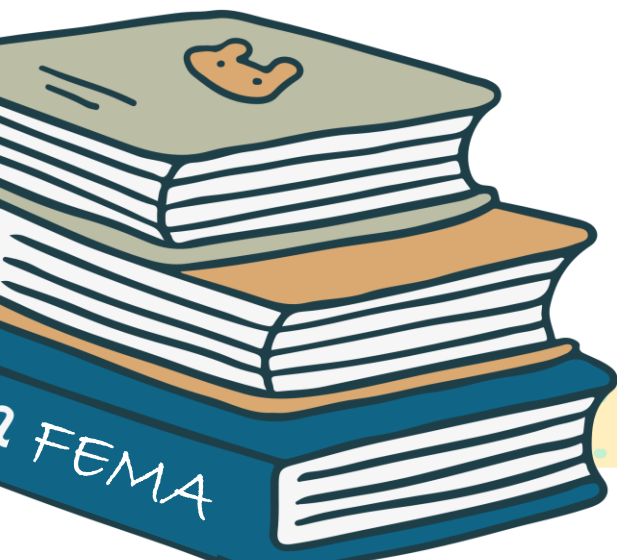
FEMA Ke Fundae

#FamiliarwithFEMA

FEMA provisions
on Exporter's
Caution List

Date: 25/03/2026

Issue no: 195

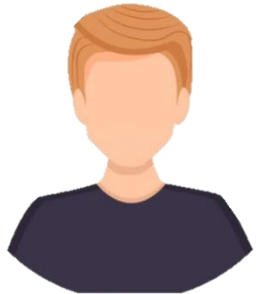




**Akshat
(Exporter)**

Hi FEMA Gyani, I am Akshat an exporter engaged in international trade seeking clarity after facing banking restrictions on export transactions. I am concerned about delayed realisation of export proceeds and increased regulatory scrutiny, I want to understand the implications of being placed on the **Exporters' Caution List** and the conditions under which banks may continue to handle shipping documents.

Hi Akshat, Take a breath. Being on the Exporters' Caution List means the Reserve Bank has been alerted by your AD bank due to concerns about your export track record — usually linked to pending realisation of export proceeds, traceability issues, or adverse notice from investigative agencies. It's not a punishment, but a warning signal. Comply sincerely, realise your dues, and the same bank can recommend your name for de-caution-listing.



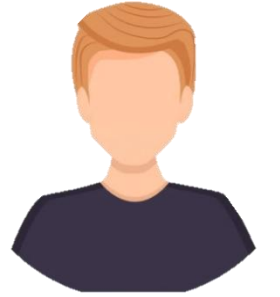
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Akshat

Okay, who actually puts an exporter on the Caution List?



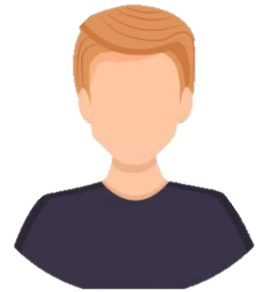
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The Reserve Bank of India does — but only based on recommendations from the AD bank, after reviewing the exporter's track record.



Akshat

So, my bank plays a role in this decision?



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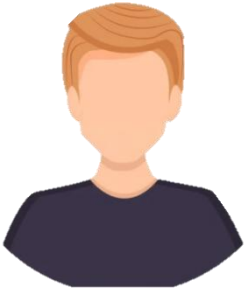
Yes. The AD bank evaluates your conduct and then recommends caution-listing to the Regional Office of the Foreign Exchange Department of RBI.





Akshat

Ok understood, So, What kind of actions can land an exporter in trouble?



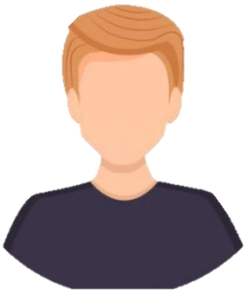
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If an exporter comes to the adverse notice of ED, CBI, DRI, or any law enforcement agency, or is not traceable, or fails to make sincere efforts to realise export proceeds.



Akshat

So, Once caution-listed, will I be informed?



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Absolutely. The AD bank must intimate the exporter, clearly mentioning the details of outstanding shipping bills.





Akshat

Can I still submit shipping documents to the bank?



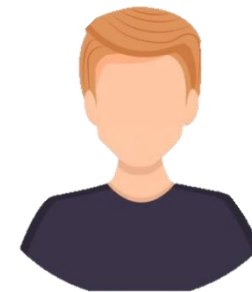
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Yes — but only under strict conditions i.e. You must provide evidence of advance payment *or* an irrevocable Letter of Credit covering the full export value.



Akshat

And what if I'm exporting on bill of exchange basis?



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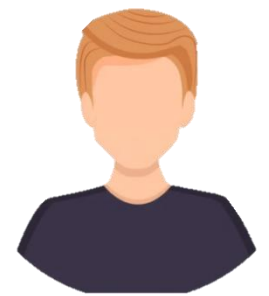
Then the Letter of Credit must cover full export value, permit such drawings, and the bill of exchange must mature within the prescribed realisation period from shipment date.





Akshat

So, if I don't meet these conditions?



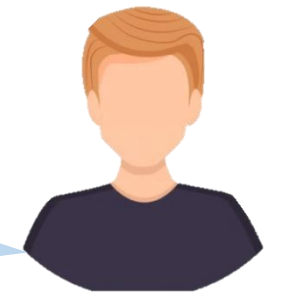
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Then the AD bank should not handle your shipping documents at all.



Akshat

That sounds strict... but fair, But what about bank guarantees? Can my bank issue one?



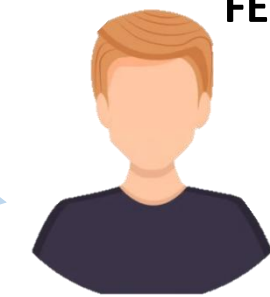
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Yes but only with prior approval of the Reserve Bank of India.



Akshat

Okay, thank you so much FEMA gyani!

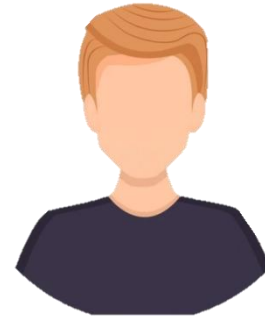
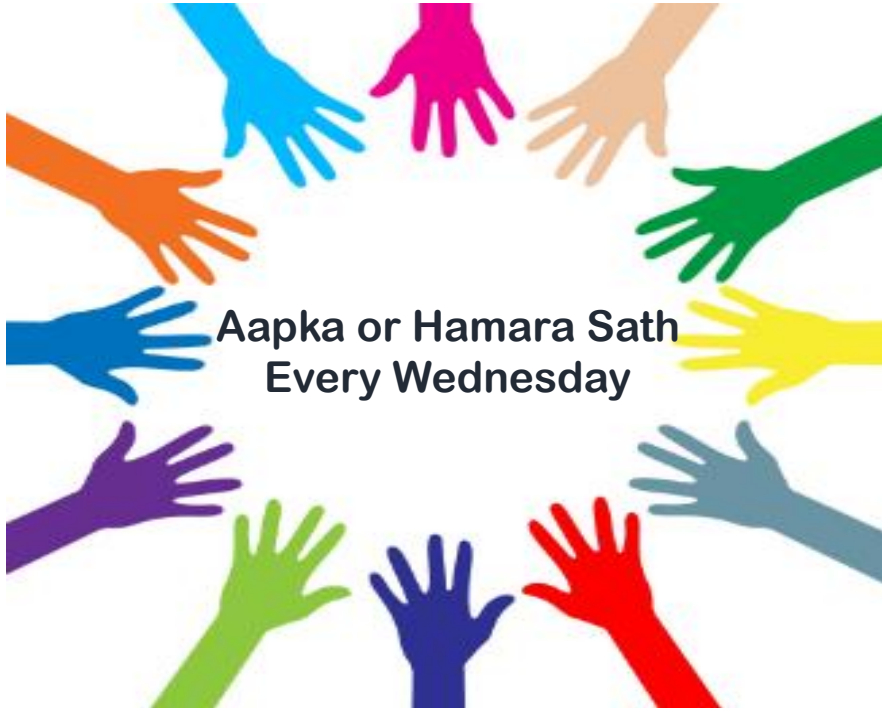


FEMA Gyani

You're welcome Akshat.



Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



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