



July 28, 2025

Good morning my Dear Friend

We are happy to share our “weekly” research paper being published on “every Monday”

121 FAQs on Imports of Goods and Services (IoGS) under FEMA, 1999

This research paper is relevant

For

Knowing about Imports of Goods and Services under FEMA for Residents + also Non-Residents “both” through our “21” pilot points

1. Legal status for IoGS.

- (i) IoGS are permitted under section 5 of FEMA, 1999.
- (ii) IoGS provisions are notified through notification no. G.S.R. 381(E) dated May 03, 2000 i.e. Foreign Exchange Management (Current Account Transaction) Rules, 2000.
- (iii) IoGS provisions are amended from time to time for incorporating changes in regulatory frameworks + also published through several amendment notifications “both”.

2. RBI’s regulations for IoGS.

- RBI’s regulations are required to communicate through issue of directions to AD Category-I Banks (Banks) under section 11 of FEMA, 1999.

3. RBI’s directions for IoGS.

- RBI’s directions are required to prescribe modalities for foreign exchange businesses with Importers for implementing RBI’s regulations.

4. RBI’s Instructions for IoGS.

- (i) RBI’s instructions are required to issue for IoGS through Master Direction (MD) with several circulars / notifications.
- (ii) Master Direction no. 18 dated Jan 01, 2016 was 1st direction issued for IoGS under FEMA + also “lastly” updated on Jan 06, 2022 “both”.

5. RBI's rules + regulations for IoGS.

- Banks are required to follow RBI's rules + also regulations "both" when importers are making payments for imports of goods / services.

6. RBI's normal trade practices for IoGS.

- Banks are required to follow "normal" trade practices when "specific" rules + also regulations "both" are not existed i.e. RBI's Know Your Customer (KYC) regulations.

7. Banks' roles for import's remittances.

- Banks are required to ensure that 100% "requisite" details are available with importers + also remittances "both" for bona fide "trade" transactions in accordance with prevailing laws in India.

8. Banks' roles for FTP's licences.

- Banks are required to obtain FTP's licences when import of goods / services are under FTP's "negative" list.

9. Banks' roles for opening LCs.

- Banks are required to open LCs for import of goods / services

10. Banks' roles for preserving utilized licences.

- Banks are required to preserve "utilized" licence's copies till these are verified by banks' Internal Auditors / Statutory Auditors / inspectors.

11. Banks' roles for advance remittances.

- Banks are permitted to send "advance" remittances for Imports of goods / services not exceeding USD 200,000 / its equivalent.

12. Limits for advance remittances.

- Banks are permitted to send "advance" remittances for Imports of goods / services exceeding USD 200,000 / its equivalent when supported with unconditional + also irrevocable Standby Letter of Credit (SLC) / guaranteed from reputed "international" banks located outside India / guaranteed from AD Category-I Banks located in India "both".

13. Banks' roles for remittances "without" guarantees.

(i) Banks are permitted to send "advance" remittances for Imports of goods / services not exceeding USD 500,000 / it's equivalent when importers are unable to obtain bank guarantees from overseas' suppliers

But

(ii) Banks are satisfied for track records + also bona fide "both" for importers

14. Banks' roles for framing internal guidelines.

- Banks are permitted to frame their own internal guidelines for dealing with "advance" remittances based on "suitable" policies framed by bank's BoDs

15. Banks' roles for PSUs remittances "without" guarantees.

(i) Banks are permitted to send "advance" remittances exceeding USD 1,00,000 / it's equivalent for PSUs / etc. importers i.e. PSUs + departments / Undertaking of Central Government / State Government(s) when they are unable to obtain bank guarantees from reputed "international" banks

But

(ii) Importers are required to obtain "specific" waivers for bank guarantees from MoF Govt. of India

16. ORMs for advance remittances.

- Banks are permitted to send "advance" remittances for imports of goods / services "after" creating Outward Remittance Messages (ORMs) for 100% "advance" remittances + also to follow RBI's guidelines for IDPMS "both".

17. Banks' roles for rough diamonds remittances.

- Banks are permitted to send "advance" remittances "without" monetary limit for bank guarantees / stand-by-LC for "rough" diamond's imports subject to satisfaction of conditions

18. Banks' duties for rough diamonds' remittance.

(i) Banks are required to ensure that overseas "mining" entities are approved by Gem & Jewellery Export Promotion Council (GJEPC) in India.

(ii) Banks are required to ensure that Importers are "recognised" processors for "rough" diamonds + also having good track records "both".

- (iii) Banks are required to ensure based on their commercial judgments + also to satisfy for import transactions' bona fide "both".
- (iv) Banks are required to ensure that "advance" remittances are made strictly in accordance with sale contracts' conditions + also made directly to overseas supplier's / ultimate beneficiaries accounts.
- (v) Banks are required to ensure that "advance" remittances are not made through "numbered" accounts / otherwise
- (vi) Banks are required to ensure that they have created ORM for 100% remittances in IDPMS.
- (vii) Banks are required to take "proper" due cautions "before" remittances for "conflict" diamonds' imports / "Kimberly" Certifications
- (viii) Banks are required to obey RBI's KYC guidelines + also to carry "proper" due diligence in accordance with RBI's guidelines.
- (ix) Banks are required to follow-up for submitting BoE / documents evidencing "rough" diamonds' imports in accordance with conditions specified in FEMA, 1999 + FEMA's rules + FEMA's regulations + also RBI's directions "all"
- (x) Banks are required to obtain "waiver" letters from MoF, Govt. of India for imports by PSUs + govt.'s departments + Central govt.'s undertakings + also state govt.(s) undertakings "all" when "advance" remittances are exceeding USD 100,000 / it's equivalent + also bank guarantees from overseas suppliers are not received "both"
- (xi) Banks are required to download "BoE" issued by EDI ports from "BOE Master" in IDPMS based on EDI Ports' declarations filed by importers
- (xii) Banks are required to upload "BoE" data in IDPMS based on message format "Manual BoE reporting" on daily basis "after" receiving BoE from customers / custom offices.
- (xiii) Banks are required to enter "BoE" details + also to mark "off ORMs" based on message format for BoE settlements.
- (xiv) Banks are required to send "advance" remittances "after" receiving BoE + also ORMs' generations based on message format "both" for BoE settlements.

19. Banks' roles for Aircrafts remittances.

- Banks are permitted to send "advance" remittances "without" bank guarantees / irrevocable stand-by-LC for imports of Aircrafts + Helicopters + Aviation + used / 2nd hand aircrafts / helicopters when amounts are not exceeding USD 50 million / it's equivalent where operators are permitted for operating by Directorate General of Civil Aviation (DGCA)

20. Banks' duties for Aircrafts remittances.

- (i) Banks are required to undertake transactions based on commercial judgments + "after" satisfaction for transactions' bona fide + KYC guidelines + due diligence exercises against Indian importers + also overseas manufacturers "all".
- (ii) Banks are required to send "advance" remittances based on strictly sale contract's terms + also directly to overseas manufacturers' accounts "only".
- (iii) Banks are required to frame own internal guidelines for dealing with "advance" remittance cases "after" obtaining approval from BoDs.
- (iv) Banks are required to ensure that bank guarantees' requirements are waived by MoF, Govt. of India for "advance" remittances when amounts are exceeding USD 100,000 / it's equivalent + importers are PSUs + Govt. Department + also Undertaking of Central / State Government(s) "all".
- (v) Banks are required to ensure that "physical" imports for non-"capital" goods are made within 6 months + also for "capital" goods within 3 years from remittances' date.
- (vi) Banks are required to ensure that importers have given undertakings for furnishing "documentary" evidences within 15 days from closures' date.
- (vii) Banks are required to ensure that "principal" approvals are obtained by importers from Ministry of Civil Aviation for Scheduled Air Service Operations
- (viii) Banks are required to ensure that "principal" approvals are obtained by importers from DGCA / other agencies in accordance with FTP in India.

- (ix) Banks are required to ensure that amounts for “advance” remittances are immediately repatriated to India when imports for aircraft / aviation sector related items are cancelled.
- (x) Banks are required to ensure for obtaining approvals from RBI’s RO for deviation(s) from abovementioned stipulations “if any”.
- (xi) Banks are required to generate ORMs + BoE entries + also BoE settlements “all” with ORMs in accordance with RBI’s guidelines for IDPMS.

21. Banks’ roles for services remittances

- Banks are permitted to send “advance” remittances “without” monetary limits for bank guarantees / stand-by-LC for services’ imports subject to satisfaction of conditions

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2002 + also etc. "all"

+

Different Indian Enforcement agencies like:

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+

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