



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2014-15/461

A. P. (DIR Series) Circular No.74

February 09, 2015

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Delay in Utilization of Advance Received for Exports

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the sub-regulation (1) of Regulation 16 of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, notified vide [Notification No. FEMA 23 / RB-2000, dated May 3, 2000](#), as amended from time to time read with [A.P. \(DIR Series\) Circular No. 105 dated May 20, 2013](#), [A.P. \(DIR Series\) Circular No. 108 dated June 11, 2013](#) and [A.P. \(DIR Series\) Circular No. 37 dated November 20, 2014](#) in terms of which an exporter receiving an advance payment for exports (with or without interest) from a buyer outside India shall be under an obligation to ensure that the shipment of goods is made within the stipulated period from the date of receipt of advance payment.

2. As it has been observed that there is substantial increase in the number and amount of advances received for exports remaining outstanding beyond the stipulated period on account of non-performance of such exports (shipments in case of export of goods), AD Category –I banks are advised to efficiently follow up with the concerned exporters in order to ensure that export performance (shipments in case of export of goods) are completed within the stipulated time period.

3. It is further reiterated that AD category –I banks should exercise proper due diligence and ensure compliance with KYC and AML guidelines so that only bonafide export advances flow into India. Doubtful cases as also instances of chronic

defaulters may be referred to Directorate of Enforcement (DoE) for further investigation. A quarterly statement indicating details of such cases (as per Annex) may be forwarded to the concerned Regional Offices of RBI within 21 days from the end of each quarter.

4. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under Section 10 (4) and Section 11 (1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager

