

**Pre-shipment credit in foreign currency (PCFC) to exporters  
operating under Diamond Dollar Account Scheme**

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IECD.No.13/04.02.02/1999-2000

May 17, 2000

The Chairmen/Chief Executives of all commercial banks

Dear Sir,

Pre-shipment credit in foreign  
currency (PCFC) to exporters  
operating under Diamond Dollar  
Account Scheme

As you are aware, in the amendments to EXIM Policy, 1997-2002, released by the Ministry of Commerce & Industry, Government of India on March 31, 2000 a new scheme known as Diamond Dollar Account Scheme has been introduced. For operationalising the Scheme, AD(MA Series) Circular No.10 dated May 16, 2000 has been issued by Exchange Control Department.

2. Under the Scheme firms/companies dealing in the purchase/sale of rough or cut and polished diamonds, with a track record of at least three years in import or export of diamonds and having an average annual turnover of Rs.5 crore or above during the preceding three licensing years are permitted to carry out their business through designated Diamond Dollar Accounts (DDAs). Under the scheme, local sale and purchase of rough/cut and polished diamonds have also been permitted between the DDA holders. Accordingly, it would be in order for banks to liquidate PCFC granted to a DDA holder by dollar proceeds from sale of cut and polished diamonds to another DDA holder.

Please acknowledge receipt.

Yours faithfully,

(S.S. Gangopadhyay)

Chief General Manager