

Advance Remittance for Imports
A.P.(DIR Series) Circular No.15 (Sept 17, 2003)

Reserve Bank of India
Exchange Control Department
Central Office
Mumbai - 400 001

A.P.(DIR Series) Circular No.15

September 17, 2003

To
All Authorised Dealers in Foreign Exchange

Madam/Sirs,

Advance Remittance for Imports

Attention of Authorised Dealers is invited to paragraph A.6 of the Annexure to A.P. (DIR Series) Circular No.106 dated June 19, 2003 in terms of which authorised dealers have been permitted to make advance remittance upto USD 100,000 (USD one hundred thousand) or its equivalent without Bank Guarantee for import of goods into India.

2. With a view to further liberalising and simplifying the procedure for import of goods into India, it has now been decided that Authorised Dealers may henceforth allow advance remittance for import of goods into India as under :

- a) If the amount of advance remittance exceeds USD 100,000 or its equivalent, an unconditional, irrevocable standby Letter of Credit or a guarantee from international bank of repute situated outside India or a guarantee of an Authorised Dealer in India, if such guarantee is issued against the counter guarantee of an international bank of repute situated outside India, is obtained.
- b) In cases where the importer (other than a Public Sector Company or a Department/Undertaking of the Government of India/State Governments) is unable to obtain bank guarantee from overseas suppliers and the Authorised Dealer is satisfied about the track record and bonafides of the importer, the requirement of the bank guarantee/ standby Letter of Credit may not be insisted upon for advance remittances upto USD 1,000,000 (US dollar one million). Authorised Dealers may frame their own internal guidelines to deal with such cases **as per a suitable policy framed by the bank's Board of Directors**.
- c) In the case of a Public Sector Company or a Department/Undertaking of Central/State Governments the requirement of bank guarantee has been specifically waived by the Ministry of Finance, Government of India for advance remittances exceeding USD100,000 (USD one hundred thousand) .

3. The other conditions stipulated in paragraph A.6(b) and (c) of the Annexure to the above circular shall remain unchanged.

4. Authorised Dealers may bring the contents of this circular to the notice of their constituents 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 1999 (42 of 1999).

Yours faithfully,

Grace Koshie
Chief General Manager