

November 07, 2007

To

All Authorised Dealer Category-I banks

Madam / Sirs,

**Direct Receipt of Import Bills / Documents - Liberalisation**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to item i.a. of A.P. (DIR Series) Circular No.66 dated February 6, 2004 in terms of which AD Category - I banks are permitted to make remittances for imports, where the import bills / documents have been received directly by the importer from the overseas supplier and the value of import bill does not exceed USD 100,000. Further, in terms of i.c. of the Annex to the aforementioned circular, status holder exporters, as defined under the Foreign Trade Policy are permitted to receive import bills / documents directly from the overseas supplier irrespective of the value of the import.

2. The Gems and Jewellery Export Promotion Council (GJEPC) has represented that the restrictions placed on non-status holder exporters for direct receipt of import bills / documents, where the value exceeds USD 100,000 adds to transaction costs for small importers and have requested the Reserve Bank to consider relaxing this condition for import of rough diamonds by non-status holders.

3. It has, therefore, been decided, as a sector specific measure, to enhance the limit for direct receipt of import bills / documents from USD 100,000 to USD 300,000 in the case of import of rough diamonds. Accordingly, AD Category - I banks are permitted to allow remittance for imports up to USD 300,000 where the importer of rough diamonds has received the import bills / documents directly from the overseas supplier and the documentary evidence for import is submitted by the importer at the time of remittance. AD Category - I banks may undertake such transactions subject to the following conditions :

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- (i) The import would be subject to the prevailing Foreign Trade Policy.
- (ii) The transactions are based on their commercial judgment and they are satisfied about the bonafides of the transactions.
- (iii) AD Category - I banks should do the KYC and due diligence exercise and should be fully satisfied about the financial standing / status and track record of the importer customer. Before extending the facility, they should also obtain a report on each individual overseas supplier from the overseas banker or reputed credit agency overseas.

4. The other conditions stipulated in A.P.(DIR Series) Circular No.66 dated February 06, 2004 shall remain unchanged.

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

6. The Directions contained in this circular have been issued under sections 10(4) and 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,

**Salim Gangadharan**  
Chief General Manager