

August 13, 2008

To,

All Category – I Authorised Dealer Banks

Madam / Sir,

**Export of Goods and Services- Direct Dispatch of Shipping Documents
Realisation and Repatriation of Export Proceeds – Liberalisation**

Attention of Authorised Dealer Category – I (AD Category - I) banks is invited to the paragraph C .7 of A. P. (DIR Series) Circular No.12 dated September 9, 2000, in terms of which AD Category – I banks/exporters have been allowed, in certain cases, to dispatch shipping documents direct to the consignee. All other cases of dispatch of shipping documents by the exporter direct to the consignee are considered by the Reserve Bank on a case to case basis.

2. With view to further liberalise the facilities available to the exporters and to simplify the procedure, it has been decided to allow AD Category - I banks, to regularize cases of dispatch of shipping documents by the exporter direct to the consignee or his agent resident in the country of the final destination of goods, up to USD 1 million or its equivalent, per export shipment, subject to the following conditions:

- a) The export proceeds have been realized in full.
- b) The exporter is a regular customer of AD Category - I bank for a period of at least six months..
- c) The exporter's account with the AD Category – I bank is fully compliant with Reserve Bank's extant KYC / AML guidelines.
- d) The AD Category – I bank is satisfied about the bonafides of the transaction.

3. In case of doubt, the AD Category – I bank may consider filing Suspicious Transaction Report (STR) with FIU_IND (Financial Intelligence Unit in India).

4. The directions for Status Holder Exporters and Units in Special Economic Zones issued vide A. P. (DIR Series) Circular No. 35 dated April 1, 2002 and A. P. (DIR Series) Circular No. 10 dated August 14, 2002, respectively, 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 Section 10(4) and 11(1) of Foreign Exchange Management Act, 1999 (42 of 1999) and without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge