

August 28, 2008

To,

All Authorised Dealer Category – I banks

Madam / Sir,

**Foreign Exchange Management Act, 1999 –  
Import of Platinum / Palladium / Rhodium / Silver**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the provisions contained in A. P. (DIR Series) Circular No. 87 dated April 17, 2004 in terms of which AD Category – I banks have been permitted to approve Suppliers' and Buyers' credit (trade credit) up to USD 20 million per import transaction for imports permissible under the Foreign Trade Policy of the DGFT with a maturity period up to one year from the date of shipment (three years in the case of capital goods).

2. The present instructions have been reviewed in the context of recent developments and it has been decided that Suppliers' and Buyers' credit, including the usance period of Letters of Credit opened for import of Platinum, Palladium, Rhodium and Silver should not exceed 90 days from the date of shipment. The revised directions will come into force with immediate effect.

3. AD Category – I banks should ensure that due diligence is undertaken and Know-Your-Customer (KYC) norms and Anti-Money Laundering (AML) guidelines, issued by the Reserve Bank are adhered to while undertaking import of these metals. Further, any large or abnormal increase in the volume of business should be closely examined to ensure that the transactions are bonafide and are not intended for interest / currency arbitrage. All other instructions relating to import of these metals shall continue.

4. The instructions issued for direct import of gold, vide A. P. (DIR Series) Circular No. 2 dated July 9, 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 including units located in the Special Economic Zone (SEZ), Export Oriented Units, etc.

6. 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,

**(Salim Gangadharan)**  
Chief General Manager in Charge