

September 01, 2008

To,

All Authorised Dealer Category - I banks

Madam / Sir,

Direct Receipt of Import Bills / Documents - Liberalisation

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to 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.

2. With a view to liberalizing the procedure, it has been decided to enhance the limit for direct receipt of import bills / documents to USD 300,000. Accordingly, AD Category – I banks may 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 300,000, subject to the following conditions :

- (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) The importer is a customer of AD Category – I bank and the customer's account is fully compliant with extant KYC / AML guidelines issued by the Reserve Bank.
- (iv) AD Category - I banks should do the due diligence exercise and should be fully satisfied about the financial standing / status and track record of the importer customer.
- (v) It is customary in that trade to receive import documents directly from the overseas exporter.
- (vi) In case the AD Category – I bank has suspicions about the genuineness of the transaction, it should be reported through the Suspicious Transaction Report (STR) to FIU_IND (Financial Intelligence Unit in India).

3. The instructions for direct receipt of import bills / documents by status holder exporters, as defined under the Foreign Trade Policy, issued in terms of item i.c. of the Annex to A. P. (DIR Series) Circular No.66 dated February 6, 2004 shall remain unchanged. Further, instructions issued vide A. P. (DIR Series) Circular No. 18 dated November 07, 2007 and A. P. (DIR Series) Circular No. 37 dated April 16, 2008 for direct receipt of import bills / documents by non-status holder exporters for import of rough diamonds and rough precious and semi-precious stones shall continue.

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

5. 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-in-Charge