



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2010-11/493
A.P. (DIR Series) Circular No. 56

April 29, 2011

To

All Authorised Dealers in Foreign Exchange

Madam/ Sir

Foreign Exchange Management Act, 1999-
Advance Remittance for Import of Goods - Liberalisation

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to A. P. (DIR Series) Circular No.106 dated June 19, 2003, [A. P. \(DIR Series\) Circular No.15 dated September 17, 2003](#) and [A.P. \(DIR Series\) Circular No.09 dated August 21, 2008](#) in terms of which AD Category – I banks are required to obtain an unconditional, irrevocable standby Letter of Credit (LC) or a guarantee from an international bank of repute situated outside India or a guarantee of an AD Category – I bank in India, if such a guarantee is issued against the counter guarantee of an international bank of repute situated outside India, for an advance remittance exceeding USD 100,000 or its equivalent.

2. With a view to liberalising the procedure, it has been decided to enhance the aforesaid limit of USD 100,000 to USD 200,000 or its equivalent, with immediate effect for importers (other than a Public Sector Company or a Department/Undertaking of Central/State Governments where the requirement of bank guarantee is to be specifically waived by the Ministry of Finance, Government of India for advance remittances exceeding USD 100,000 or its equivalent).

3. All the other instructions including the facility to waive the requirement of the standby LC/ bank guarantee for advance remittance up to USD 5,000,000 or its equivalent, where the AD Category – I bank is satisfied about the track record and bonafides of the importer based on their internal Board approved policy,

contained in A.P. (DIR Series) Circular No. 09 dated August 21, 2008, shall remain unchanged.

4. Authorised Dealers 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 Section 10(4) and Section 11 (1) of the Foreign Exchange Management Act 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager- in Charge