



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

RBI/2008-09/383

A. P. (DIR Series) Circular No. 51

February 13, 2009

To,

All Category – I Authorised Dealer Banks

Madam / Sir,

Opening of Diamond Dollar Accounts – Liberalisation

Attention of Authorised Dealer Category - I (AD Category – I) banks is invited to A. D. (M.A. Series) Circular No. 10 dated May 16, 2000 and Para 4A.19 of the Foreign Trade Policy 2004-2009 regarding the Diamond Dollar Account Scheme in terms of which firms and companies dealing in purchase / sale of rough or cut and polished diamonds / precious metal jewellery plain, minakari and / or studded with / without diamond and / or other stones, with a track record of at least 3 years in import / export of diamonds / coloured gemstones / diamond and coloured gemstones studded jewellery / plain gold jewellery, and having an average annual turnover of Rs 5 crore or above during preceding three licensing years, are allowed to open Diamond Dollar Accounts (DDA). The request for opening of DDA is considered by the Reserve Bank on a case-to-case basis, subject to the provisions of the prevailing Foreign Trade Policy of the Government of India.

2. With a view to liberalising the procedure, it has been decided to delegate powers to AD Category – I banks to permit such firms and companies to open and maintain DDA with AD Category – I banks, subject to the following terms and conditions:

- a. The exporter should comply with the eligibility criteria stipulated in the Foreign Trade Policy of the Government of India, issued from time to time.
- b. The DDA shall be opened in the name of the exporter and maintained in US Dollars only.
- c. The account shall only be in the form of current account and no interest should be paid on the balance held in the account.

- d. No intra-account transfer should be allowed between the DDAs maintained by the account holder.
- e. An exporter firm / company shall be permitted to open and maintain not more than 5 DDAs.
- f. The balances held in the accounts shall be subject to Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements.
- g. Exporter firms and companies maintaining foreign currency accounts, excluding EEFC accounts, with banks in India or abroad, are not eligible to open Diamond Dollar Accounts.
- h. The transactions in the DDA would be as under:

Permissible Credits

- Amount of pre-shipment and post-shipment finance availed in US Dollars .
- Realisation of export proceeds from shipments of rough, cut, polished diamonds and diamond studded jewellery.
- Realisation in US Dollars from local sale of rough, cut and polished diamonds.

Permissible Debits

- Payment for import / purchase of rough diamonds from overseas / local sources.
- Payment for purchase of cut and polished diamonds, coloured gemstones and plain gold jewellery from local sources.
- Payment for import/purchase of gold from overseas / nominated agencies and repayment of USD loans availed from the bank.
- Transfer to rupee account of the exporter.

The above transactions are subject to the provisions of the Foreign Trade Policy of Government of India, issued from time to time.

3. The exporter firm / company shall make an application in the format annexed to the AD Category – I bank for opening of the DDA. AD Category - I banks should assess the track record of the firm / company at the end of every licensing year (April-March). In case any firm / company fails to meet the eligibility criteria, the account may be closed immediately.

4. AD Category - I banks shall submit a monthly report to the Chief General Manager-in-Charge, Foreign Exchange Department, Reserve Bank of India, Trade Division, Amar Building, Mumbai – 400001, giving details of the name and address of the firm / company in whose name the Diamond Dollar Account is opened, along with the date of opening / closing the Diamond Dollar Account, by the 10th of the following month to which it relates.

5. Necessary amendments to the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000 (Notification No. FEMA. 10/2000-RB dated May 3, 2000) are being issued separately.

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

7. The directions contained in this circular have been issued under Sections 10(4) and 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,

-sd/-

(Salim Gangadharan)
Chief General Manager-in-Charge

APPLICATION FOR OPENING DIAMOND DOLLAR ACCOUNT

To,
The Branch Manager
(name & address of bank/branch)

Dear Sir,

We are dealing in purchase / sale of rough or cut and polished diamonds / precious metal jewellery plain, minakari and / or studded with / without diamond and /or other stones, with a track record of at least 3 years in import / export of diamonds / coloured gemstones / diamond and coloured gemstones studded jewellery /plain gold jewellery, and having an average annual turnover of Rs 5 crore or above during preceding three licensing years.

2. We wish to open a current account/s under the Diamond Dollar Account Scheme with your bank in accordance with the provisions of (mention the relevant paragraph) of the Foreign Trade Policy (period e.g. 2004-2009) of the Government of India read with the Handbook of Procedures (mention the relevant Volume No.) issued by Ministry of Commerce & Industry, Government of India.

3. The relevant particulars are furnished below:

1. Name of the Firm / Company :
2. Address of the Registered Office :
3. Principal business :
4. IE Code No. :
5. Annual Turnover of the last three
Years (enclose certificate of CA) :
6. Details of the EEFC account, if any :

4. We confirm that we are not maintaining any foreign currency account, excluding EEFC account, with banks in India or abroad.

5. We declare that we are not maintaining more than 5 DDAs including the one proposed to be opened with your branch.

6. We declare that we are neither on the caution list of exporters of Reserve Bank of India nor on the defaulters list of Export Credit Guarantee Corporation of India Ltd (ECGC).

7. We undertake to abide by the rules of the Diamond Dollar Account Scheme framed / to be framed from time to time and the terms and conditions stipulated for opening and maintenance of the DDA with your bank and any other foreign exchange / foreign trade regulation of Reserve Bank of India / Government of India.

We request you to open a Diamond Dollar Account/s in the name of the firm/company.

(Signature of the Authorized Official of the firm / company)

Name :

Designation :

Seal of firm / company :

Date :

Place :
