



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

RBI/2011-12/ 411
A.P. (DIR Series) Circular No. 83

February 27, 2012

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Import of Gold on Loan Basis-
Tenor of Loan and Opening of Stand- By Letter of Credit

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the [A.P.\(DIR Series\) Circular No. 34 dated February 18, 2005](#), in terms of which the maximum tenor of gold loan was notified as 240 days consisting of 60 days for manufacture and exports +180 days for fixing the price and repayment of gold loan as per the Foreign Trade Policy 2004-2009 of the Government of India and that the tenor of the Standby Letter of Credit (SBLC), for import of gold on loan basis, where ever required, should be in line with the aforesaid tenor of gold loan.

2. Attention of the AD Category –I banks is also invited to para 4A 23.2 and para 4A 23.3 of the Hand Book of Procedures (HBP) Vol. I of the Foreign Trade Policy (FTP) 2009-14 which states that, "the export has to be completed within a maximum period of 90 days from the date of release of gold on loan basis ", and that, " the exporter shall have flexibility to fix the price and repay gold loan within 180 days from date of export". Accordingly, the maximum tenor of gold loan becomes 270 days at present (i.e. 90 days for manufacture and export + 180 days for fixing the price and repayment) as per [FTP 2009-14](#).

3. AD Category-I Banks may, accordingly, note to comply that (i) the maximum period of gold loan shall be as per the [Foreign Trade Policy 2009-14 or as notified by the Government of India from time to time](#), in this regard and (ii) the tenor of SBLC, for import of gold on loan basis, where ever required, should also be in line with the tenor of gold loan.

4. All the other terms and conditions of the A.P. (DIR Series) circular No. 34 dated February 18, 2005 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 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,

(Rashmi Fauzdar)
Chief General Manager