



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

RBI/2013-14/290

A.P. (DIR Series) Circular No. 53

September 24, 2013

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Trade Credits for Import into India

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 87 dated April 17, 2004](#), [A.P. \(DIR Series\) Circular No. 24 dated November 01, 2004](#), [A.P. \(DIR Series\) Circular No. 28 dated September 11, 2012](#) and [A.P. \(DIR Series\) Circular No. 59 dated December 14, 2012](#) regarding Trade Credits for import into India.

2. As per the extant guidelines, AD Category - I banks may approve availing of trade credit not exceeding USD 20 million up to a maximum period of five years (from the date of shipment) for companies in the infrastructure sector, subject to certain terms and conditions stipulated therein. It is also stipulated that AD Category - I banks are not permitted to issue Letters of Credit/guarantees/Letter of Undertaking (LoU) /Letter of Comfort (LoC) in favour of overseas supplier, bank and financial institution for the extended period beyond three years. No roll-over/extension is permitted beyond the permissible period.

3. On a review, it has been decided to allow companies in all sectors to avail of trade credit not exceeding USD 20 million up to a maximum period of five years for import of capital goods as classified by Director General of Foreign Trade (DGFT). It

has also been decided to relax the *ab-initio* contract period of 15 (fifteen) months for all trade credits to 6 (six) months.

4. AD Category - I banks are, however, not permitted to issue Letters of Credit/guarantees/Letter of Undertaking (LoU) /Letter of Comfort (LoC) in favour of overseas supplier, bank and financial institution for the extended period beyond three years.

5. All other aspects of Trade Credit policy will remain unchanged and should be complied with. The amended Trade Credit policy will come into force with immediate effect and is subject to review based on the experience gained in this regard.

6. 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 required, if any, under any other law.

Yours faithfully

(Rudra Narayan Kar)
Chief General Manager-in-Charge