



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

RBI/2013-14/493
A.P. (DIR Series) Circular No.103

February 14, 2014

To

All Scheduled Commercial Banks which are Authorised Dealers (ADs) in Foreign Exchange/ All Agencies nominated for import of gold

Madam / Sir,

Import of Gold / Gold Dore by Nominated Banks /Agencies/Entities - Clarifications

Attention of Authorised Persons is drawn to the Reserve Bank's [A.P. \(DIR Series\) Circular No. 25 dated August 14, 2013](#); and [A.P. \(DIR Series\) Circular No. 73 dated November 11, 2013](#) on the captioned subject.

2. Government of India and the Reserve Bank of India have been receiving representations related to Advance Authorisation (AA) / Duty Free Import Authorisation (DFIA). Taking into account these representations and in consultation with the Government of India, it has been decided to issue the following clarifications which come into force with immediate effect:

- a) In case of AA / DFIA issued before August 14, 2013, the condition of sequencing imports prior to exports shall not be insisted upon even in case of entities / units in the SEZ and EoUs, Premier and Star Trading Houses.
- b) The imports made as part of the AA / DFIA scheme will be outside the purview of the 20:80 scheme. Such Imports will be accounted for separately and will not entitle the Nominated Agency/ Banks/Entities for any further import.
- c) The Nominated Banks / Agencies / Entities may make available gold to the exporters (other than AA/DFIA holders) operating under the Replenishment Scheme. They can resort to import of gold for the purpose, if considered

necessary. However, such import will be accounted for separately and will not entitle them for any further import.

- d) Import of gold in the third lot onwards will be lesser of the two:
- i. Five times the export for which proof has been submitted; or
 - ii. Quantity of gold permitted to a Nominated Agency in the first or second lot.

A revised working example of the operations of 20:80 scheme envisaged in terms of the revised instructions is given in the Annex.

3. Further with reference to [A.P. \(DIR Series\) Circular No. 82 dated December 31, 2013](#) on import of Gold Dore, it is clarified that:

- i) The refiners are allowed to import Gold Dore of 15% of their licence for each of the first two months.
- ii) In case, the quantity has already been identified by DGFT for first two lots, import of such quantity will be in compliance with the guidelines issued vide A.P. (DIR Series) Circular No. 82 dated December 31, 2013.
- iii) DGFT, through a notification, may include new refiners, and fix licence quantity for them.

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 (FEMA), 1999 (42 of 1999), and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

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

**Revised working example of the operations of 20/80
scheme for import of gold***

1. A Nominated Bank / Agency / any other entity ABC imports say 100 kg of gold, which shall be routed through custom bonded warehouses only. If considered necessary, the lot can be procured through two invoices – one for exporters (i.e. 20%) and the other one for domestic users (80%).
2. Out of the above import of 100 kg, 20 kg. gold held in the bonded warehouse can be got released, in part or full, to be made available to the exporters of gold against an undertaking to Customs Authorities as is the practice now.
3. The balance 80 kg can be supplied in part or full to domestic entities engaged in jewellery business / bullion traders / banks operating the Gold Deposit Scheme against full upfront payment. In other words, no credit sale of gold in any form will be permitted for domestic use. In case, the Nominated Bank itself is operating the Gold Deposit Scheme, the bank is permitted to use out of 80 kg, a portion for regularising own open position in gold arising out of operations of the Gold Deposit Scheme.
4. Next lot of import of 100 kg of gold by ABC shall be permitted by the Customs Authorities only after the proof of export (i.e. 20% of the imported lot) is submitted.
5. Import of gold in the third lot onwards will be lesser of the two:
 - i) *Five times the export for which proof has been submitted; or*
 - ii) *Quantity of gold permitted to a Nominated Agency in the first or second lot.*

Note: The same procedure is to be followed by the refineries and by any other entity importing gold in any other form/purity and in the case of import of Gold Dore also.

* *First lot of gold import will be counted with effect from 14.08.2013.*