



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

RBI/2013-14/600
A.P. (DIR Series) Circular No.133

May 21, 2014

To

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

Madam/ Sir,

Import of Gold by Nominated Banks / Agencies / Entities

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

2. The Government of India and Reserve Bank of India has been receiving representations from the jewelers, bullion dealers, AD banks, and trade bodies to rationalise the guidelines for import of gold. Taking into account such representations and in consultation with the Government of India, it has been decided to modify the guidelines for import of Gold by the nominated banks / agencies / entities. These revised guidelines which will come into force with immediate effect are as under:

3. Star Trading Houses / Premier Trading Houses (STH/PTH) which are registered as nominated agencies by the Director General of Foreign Trade (DGFT) may now import gold under 20:80 scheme subject to the following conditions:

- a) The STH/PTH should have imported gold prior to the introduction of 20:80 scheme. STH / PTH should get the required verification done by the Department of Customs at any port where they have imported gold consignment in the past.
- b) The first lot of gold under this scheme would be based on the highest monthly import during any of the last 24 months prior to the RBI's notification dated August 14, 2013, subject to a maximum of 2000 Kgs.
- c) As in the case of other nominated agencies, the eligible quantity may be imported by STH / PTHs from any port, subject to their eligibility limit / maximum quantity allowed to them.

- d) For proper compliance, before import, they must submit the import plan, port-wise and quantity-wise, to the concerned Customs office, where the verification of the figures of past performance was done. This information will be sent to all the other ports from which imports are permitted. The overall discipline of exporting 20% of each imported consignment before the next consignment is imported will be equally applicable to such STH/PTH importers.
4. Further, it has been decided to permit the nominated banks, to give Gold Metal Loans (GML) to domestic jewellery manufacturers out of the eligible domestic import quota of 80% to the extent of GML outstanding in their books as on March 31, 2013.
5. A revised working example of the operations of 20:80 scheme envisaged in terms of the revised instructions is given in the Annex.
6. All other instructions will remain unchanged
7. Authorised dealers may please bring the contents of this circular to the notice of their constituents and customers concerned.
8. 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,

(C D Srinivasan)
Chief General Manager

**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 sold / lent in part or full to domestic entities engaged in jewellery business / bullion dealers/ banks operating the Gold Deposit Scheme (GDS) and Gold Metal Loan (GML). The sale of imported gold will be against full upfront payment, except in the case of GML, where nominated banks can give GML to domestic jewellery manufacturers to the extent of GML outstanding in their books as on March 31, 2013. In other words, no credit sale of gold in any form will be permitted for domestic use, except for GML. In case, the Nominated Bank itself is operating the Gold Deposit Scheme and extend Gold Metal Loans out of gold mobilized under GDS, the bank will be permitted to use, out of 80 kg, a portion for replenishing gold given as GML.
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 not exceed 20% of the maximum of the imports done in any of the previous three financial years since the end of the preceding financial year'.