



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2015-16/351

March 31, 2016

A.P. (DIR Series) Circular No.57

To,

All Authorised Dealer Category – I Banks

Madam/ Sir,

Import of Rough, Cut and Polished Diamonds

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to the [A.P.\(DIR Series\) Circular No.2 dated July 7, 2014](#) and para no C.12.1(a) of [Master Direction no. 17 dated January 01, 2016](#) on Import of Goods and Services, in terms of which AD Category - I banks were permitted to approve Clean Credit i.e. credit given by a foreign supplier to its Indian customer / buyer, without any Letter of Credit (Suppliers' Credit) / Letter of Undertaking (Buyers' Credit) / Fixed Deposits from any Indian financial institution for import of Rough, Cut and Polished Diamonds, for a period not exceeding 180 days from the date of shipment.

2. To ease the operational difficulties faced by the importers, it has been decided, in consultation with the Government of India, to delegate the powers for permitting such clean credit for a period exceeding 180 days from the date of shipment to the AD banks, subject to the following conditions:

- i) AD banks being satisfied of the genuineness of the reason and bonafides of the transaction and also that no payment of interest is involved for the additional period
- ii) The reasons for such extension are due to financial difficulties and/or quality disputes, as in the case of normal imports (for which such extension of time period for delayed payments has already been delegated to the AD banks)
- iii) The importer requesting for such extension is not under investigation/no investigation is pending against the importer
- iv) The importer seeking extension is not a frequent offender. Since there is a possibility that the importer may have dealings with more than one AD bank, the AD bank

allowing extension may devise a mechanism based on their commercial judgement, to ensure this.

- v) AD banks may allow such extension of time up to a maximum period of 180 days beyond the prescribed period/due date, beyond which they may refer the cases to respective Regional Office of the Reserve Bank

3. AD banks may submit a half yearly report of such extensions allowed customer-wise, to the respective Regional Office of the Reserve Bank.

4. The revised directions will come into force with immediate effect.

5. AD Category - I banks should ensure that due diligence is undertaken and Know-Your-Customer (KYC) Norms and Anti-Money Laundering (AML) Standards, issued by the Reserve Bank are adhered to while undertaking the import transactions. Further, any large or abnormal increase in the volume of business should be closely examined to ensure that the transactions are bonafide. All other instructions relating to import of Rough, Cut and Polished Diamonds shall continue.

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 section 10(4) and 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,

(A.K. Pandey)
Chief General Manager