

A P (DIR Series) CIRCULAR NO 122/RBI

Dated: June 27, 2013

Import of Gold by Nominated Banks /Agencies

Attention of Authorised Persons is drawn to our A.P. (DIR Series) Circular No. 103 dated May 13, 2013 & A.P. (DIR Series) Circular No. 107 dated June 04, 2013 on the captioned subject in terms of which, it was decided to restrict the import of gold on consignment basis by banks, nominated agencies/ premier / star trading houses who have been permitted by Government of India, to import gold only to meet the genuine needs of the exporters of gold jewellery. Further, it was advised that all Letters of Credit (LC) to be opened by Nominated Banks / Agencies for import of gold under all categories will be only on 100 per cent cash margin basis and imports of gold will necessarily have to be on Documents against Payment (DP) basis. Accordingly, gold imports on Documents against Acceptance (DA) basis will not be permitted.

2. It is clarified that, consequent upon the issue of above instructions, import of gold against suppliers/buyers credit, as also import of gold on unfixed price basis has to necessarily observe the discipline stipulated relating to cash margins and Documents against Payment (DP) basis. In other words, AD Category I Banks are required to ensure that credit in any form or name is not enabled for import of any form of gold. Import of gold on loan basis may, however, continue to be allowed since the scheme envisages that the nominated banks/nominated agencies can import gold on loan basis for on-lending only to the exporters of jewellery in sync with the non-applicability of the above restrictions to exporters of gold jewellery.

3. AD Category I Banks are advised to strictly ensure that foreign exchange transactions effected by / for their constituents are compliant with these instructions.

4. All other instructions relating to import of gold issued from time to time shall remain unchanged.

5. The above instructions will come into force with immediate effect. ADs 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.

RBI/2012-13/557

(Rudra Narayan Kar)
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