



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

RBI/2013-14/548

April 1, 2014

A.P. (DIR Series) Circular No.116

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Advance Remittance for Import of Rough Diamonds

Attention of Authorised Dealer Category – I (AD Category –I) banks is invited to [A.P. \(DIR Series\) Circular No 34 dated March 02, 2007](#) in terms of which we had, based on the recommendations of Gems and Jewellery Export Promotion Council (GJEPC), notified the names five mining companies (since increased to nine over a period of time) to whom an importer (other than a Public Sector Company (PSC) or a Department / Undertaking of the Government of India / State Government) was allowed to make advance remittance without any limit and without bank guarantee or stand by letter of credit for import of rough diamonds into India.

2. With a view to liberalising the procedure further facilitating the import of rough diamonds, it has now been decided that henceforth Reserve Bank of India will not notify the names of overseas mining companies from whom an importer (other than PSC or Department / Undertaking of Government of India / State Government) may import rough diamonds into India, by way of advance payments, without any limit / bank guarantee/ stand-by letter of Credit.

3. AD category – I banks are, henceforth, permitted to take decision on overseas mining companies to whom an importer (other than PSC or Department /

Undertaking of Government of India / State Government) can make advance payments, without any limit / bank guarantee/ stand-by letter of Credit.

4. While allowing the advance remittance without bank guarantee for import of rough diamonds, the AD Category – I banks must ensure the following:

- I. The overseas mining company should have the recommendation of GJEPC.
- II. The importer should be a recognised processor of rough diamonds and should have a good track record.
- III. AD Category - I banks should, undertake the transaction based on their commercial judgment and after being satisfied about the bonafides of the transaction.
- IV. Advance payments should be made strictly as per the terms of the sale contract and should be made directly to the account of the company concerned, that is, to the ultimate beneficiary and not through numbered accounts or otherwise.
- V. Further, due caution may be exercised to ensure that remittance is not permitted for import of conflict diamonds (Kimberly Certification).
- VI. KYC and due diligence exercise should be done by the AD Category - I banks as per the existing guidelines.
- VII. AD Category - I banks should follow-up submission of the Bill of Entry / documents evidencing import of rough diamonds into the country by the importer, in terms of the Act / Rules / Regulations / Directions issued in this regard.
- VIII. In case of an importer entity in the Public Sector or a Department / Undertaking of the Government of India / State Government/s, AD Category - I banks may permit the advance remittance subject to the above conditions and a specific waiver of bank guarantee from the Ministry of Finance, Government of India, where the advance payments is equivalent to or exceeds USD 100,000/- (USD one hundred thousand only).

5. AD Category - I banks are required to submit a report of all such advance remittances made without a bank guarantee or standby letter of credit, where the amount of advance payment is equivalent to or exceeds USD 5,000,000/- (USD five million only), to the concerned Regional Office of Reserve Bank of India, in the annexed format, within 15 calendar days of the close of each half year.

6. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager

Annex

[A. P. (DIR Series) Circular No.116 dated- April 1, 2014]

Statement of Advance Remittance without bank guarantee or standby letter of credit where the amount of advance is equivalent to or more than USD 5 million

for import of Rough Diamonds for the period ended

Name of the AD Category – I Bank :

AD Code (14 digit) :

| Sl. No. | Name of the mining Company | Name of the Importer Entity and IEC No. | Amount of Advance Payment made without BG / Standby LC | Whether document for evidence of import submitted |
|----------------|-----------------------------------|--|---|--|
| 1 | | | | |
| | | | | |
| | | | | |
| 2 | | | | |
| | | | | |
| | | | | |
| 3 | | | | |
| | | | | |
| | | | | |

Name, Designation & Signature of the authorised official of the bank :

Date :

Stamp :