



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

RBI/2013-14/148
A.P. (DIR Series) Circular No.15

July 22, 2013

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 by Nominated Banks /Agencies/Entities

Attention of Authorised Persons is drawn to the Reserve Bank's [A.P. \(DIR Series\) Circulars No. 103, 107 and 122](#) dated May 13, June 04 and June 27, 2013 respectively on the captioned subject. As per these instructions, certain restrictions were imposed on the import of various forms of gold by nominated banks/nominated agencies/ premier or star trading houses/SEZ units/EoUs which have been permitted to import gold for use in the domestic sector. None of these restrictions was applicable to import of gold for the purpose of exports or to import of gold by units in SEZ exclusively for the purposes of exports.

2. Based on a review of the above instructions and in consultation with Government of India, it has been decided to rationalize the import of gold in any form/purity including import of gold coins/dore into the country. Accordingly, the following instructions are issued:

a) It shall be incumbent on all nominated banks/nominated agencies to ensure that **at least one fifth** of every lot of import of gold (in any form/purity including import of gold coins/dore) is exclusively made available for the purpose of export. Such imports shall be linked to financing of exporters by the nominated agencies (i.e. average of last three years or any one year whichever is higher). Further, they shall make available gold in any form for domestic use only to entities engaged in jewellery business/bullion dealers supplying gold to jewellers.

b) They will be required to retain 20 per cent of the imported quantity in the customs bonded warehouses.

- c) They are permitted to undertake fresh imports of gold only after the exports have taken place to the extent of at least 75 per cent of gold remaining in the customs bonded warehouse.
 - d) Any import of gold under any type of scheme, shall follow the 20/80 principle set out at (a) and (b) above. The extant instructions, as regards import of gold on consignment basis, LC restrictions etc. stand withdrawn.
 - e) A working example of the operation the scheme envisaged in terms the present instructions is given in the Annex.
3. Entities/units in the SEZ and EoUs, Premier and Star trading houses are permitted to import gold exclusively for the purpose of exports only.
4. AD Category I Banks are advised to strictly ensure that foreign exchange transactions effected by / for their constituents are compliant with the above instructions. Head Offices of nominated agencies / International Banking Divisions of banks would be responsible for monitoring operations of the revised scheme taking into account transactions put through different centres.
5. Government of India will be issuing separate instructions, if any, to the customs authorities/DGFT to operationalize and monitor these import restrictions.
6. The above instructions will come into force with immediate effect. Authorised dealers may please 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 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

An example of the working of the scheme:

1. Nominated agency ABC imports say 100 kg of gold in any form/purity.
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 sold to exporters of gold against undertaking to customs authorities as is the practice now.
3. Any further import of gold by ABC shall be permitted by the customs authorities only to the extent of actual export out of 20 kg of gold held in bonded warehouse. This can happen only after at least 15 kg of gold out of 20 kg is actually exported from the previous lot.
4. If ABC wants to place order for the second lot of import, only 75 kg of import (including 15 kg for exports) will be permitted which will again follow the procedure outlined above. At this stage, total gold with the bonded warehouse meant for the exporter will be (5 + 15) i.e. 20 kg. Out of this at least 15 kg (i.e. 75% of the above 20 kgs) will have to be actually exported to enable ABC to import again. This procedure will be followed for every lot of import.
5. If for any reason, ABC is not able to channelize the gold held in bonded warehouse for exports, no further imports can be undertaken by ABC who will also arrange for re export of the gold in the bonded warehouse.

Related Press Release	
Jul 22, 2013	Revised Scheme for Import of Gold