

**RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001**

A.D.(G.P. Series) Circular No.7

March 6, 1998

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

Import of Gold by Nominated Banks/Agencies

1. Under the liberalised policy for import, Government of India has permitted import of gold by certain nominated agencies viz. MMTC, HHEC, STC, SBI and other agencies authorised by Reserve Bank for sale to jewellery manufacturers, exporters, NRIs, holders of Special Import licences and domestic users [cf. paragraph 8.15 of Exim Policy 1997-2002]. It has, therefore, been decided to permit the nominated agencies/banks to import gold under different arrangements, besides outright purchase on D/P basis, as follows:

2. (i) **Import of Gold on loan basis**

Gold loan may be availed of by nominated agencies/banks, where the loan is denominated on the basis of the quantity of gold, subject to the following conditions -

- (a) The loan shall be obtained directly from the overseas supplier.
- (b) The period of loan shall not be more than 180 days from the date of shipment. Extension of period beyond 180 days will require prior approval of Central Office of Reserve Bank (Imports Division).
- (c) Rate of interest on loan shall be as per the prevailing international practice.
- (d) Metal account in the books of the overseas supplier, if required by the supplier, may be maintained by the nominated bank/agency for the purpose of routing the import transactions only. No deposits will be permitted.
- (e) Guarantee for the loan, if required by the supplier may be furnished by the nominated agency.

(ii) **Import of gold on Suppliers credit/
Buyers credit basis**

Suppliers credit up to a period of 180 days may be availed of by the nominated agencies/banks subject to the provisions of paragraph 7A.12 of Exchange Control Manual 1993. Prior approval of Reserve Bank will be required if the period of credit exceeds 180 days. However, buyers credit will require prior approval of Reserve Bank irrespective of the period of credit.

iii) **Import of Gold on Consignment basis**

Gold may be imported by the nominated banks/agencies on consignment basis wherein the ownership of the goods will rest with the supplier and the importer [consignee] will be acting as an agent of the supplier [consignor]. Remittances towards the cost of import shall be made as and when sales take place as per the provisions of agreement entered into between the overseas supplier [consignor] and nominated agency/bank (consignee).

iv) **Import of gold on unfixed price basis**

The nominated agency/bank may import gold on outright purchase basis subject to the condition that although ownership of the gold shall be passed on to the importer at the time of import itself, the price of gold shall be fixed later, as and when the importer sells the gold to the users.

3. The directions contained in the circular have been issued under Section 73(3) of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and any contravention or non-observance thereof is subject to the penalties prescribed under the Act.

Yours faithfully

KHIZER AHMED

Chief General Manager