



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

RBI/2014-15/119

July 7, 2014

A.P. (DIR Series) Circular No.2

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

**Foreign Exchange Management Act, 1999 –
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.59 dated May 6, 2011](#), in terms of which AD Category – I banks were permitted to approve Suppliers' and Buyers' Credit (Trade Credit), including the usance period of Letters of Credit for import of Rough, Cut and Polished Diamonds for a period not exceeding 90 days from the date of shipment.

2. Taking into consideration the representations received from the diamond importers and the GJEPC, it has been decided, in consultation with the Government of India, that the 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, may be permitted for a period not exceeding 180 days from the date of shipment. The revised directions will come into force with immediate effect.

3. 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 imports of Rough, Cut and Polished Diamonds shall continue.

4. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. 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

(C.D. Srinivasan)
Chief General Manager