



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

RBI/2012-13/337

A.P. (DIR Series) Circular No. 59

December 14 , 2012

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Trade Credits for Import into India

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited [A.P. \(DIR Series\) Circular No. 28 dated September 11, 2012](#).

2. As per extant guidelines on Trade Credit the companies in the infrastructure sector , where “infrastructure” is as defined under the extant guidelines on External Commercial Borrowings (ECB) are allowed to avail of trade credit up to a maximum period of five years for import of capital goods as classified by DGFT subject to the that (i) the trade credit must be abinitio contracted for a period not less than fifteen months and should not be in the nature of short-term roll overs; and (ii) AD banks are not permitted to issue Letters of Credit/guarantees/Letter of Undertaking (LoU) /Letter of Comfort (LoC) in favour of overseas supplier, bank and financial institution for the extended period beyond three years.

3. On review, it has been decided to further relax the condition of 'abinitio' buyers' credit for 15 (fifteen) months to 6 (six) months **for existing trade credits**. However, the condition regarding 'abinitio' buyers' credit for 15 months shall continue for future trade credit.

4. All other aspects of Trade Credit policy will remain unchanged and should be complied with. The amended trade credit policy will come into force with immediate effect and is subject to review based on the experience gained in this regard.

5. AD Category-I banks 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 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,

(Rashmi Fauzdar)
Chief General Manager