

RBI/2013-14/479

A.P. (DIR Series) Circular No.100

February 4, 2014

To All Category - I Authorised Dealer Banks

Madam / Sir,

Third party payments for export / import transactions

Attention of Authorized Dealer Category – I banks is invited to A. P. (DIR Series) Circular No.70 dated November 8, 2013, in terms of which they have been permitted to allow third party payments for export of goods & software / import of goods subject to the conditions stated therein.

2. In view of the difficulties faced by exporters / importers in meeting the condition “firm irrevocable order backed by a tripartite agreement should be in place” specified in the abovementioned Circular, it has been decided that this requirement may not be insisted upon in case where documentary evidence for circumstances leading to third party payments / name of the third party being mentioned in the irrevocable order/ invoice has been produced. This shall be subject to conditions as under:

(i) AD bank should be satisfied with the bona-fides of the transaction and export documents, such as, invoice / FIRC.

(ii) AD bank should consider the FATF statements while handling such transaction.

3. Further, with a view to liberalising the procedure, the limit of USD 100,000 eligible for third party payment for import of goods, stands withdrawn.

4. All other terms & conditions mentioned in the A. P. (DIR Series) Circular No.70 dated November 8, 2013 remain unchanged.

5. AD Category – I banks may bring the contents of this Circular to the notice of their constituents concerned.

6. The directions contained in this circular have been issued under sections 10(4) and 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