

Guidelines to Import of Gold by Qualified Jewellers as notified by – The International Financial Services Centre Authority (IFSCA)

A.P. (DIR Series) Circular No. 04 dated May 24, 2022

In terms of Notification No. 49/2015-2020 dated January 5, 2022, in addition to nominated agencies as notified by RBI (in case of banks) and nominated agencies as notified by DGFT, Qualified Jewellers (QJ) as notified by International Financial Services Centers Authority (IFSCA) will be permitted to import gold under specific ITC(HS) Codes through India International Bullion Exchange IFSC Ltd. (IIBX);

In order to enable resident Qualified Jewellers to import gold through IIBX or any other exchange approved by IFSCA and the DGFT, Government of India the following directions under FEMA are being issued:

- i. Qualified Jewellers will be permitted by Indian banks to remit advance payment for eleven days for import of gold through IIBX in compliance with extant FTP and regulations issued under IFSC Act. Such import through exchange/s authorised by IFSCA shall be as per the terms of the sale contract or other document in the nature of an irrevocable purchase order in terms of IFSC Act and regulations made thereunder by IFSCA. AD bank shall carry out all the due diligence and ensure the remittances sent are only for the bona fide import transactions through exchange/s authorised by IFSCA.
- ii. The advance remittance for import of Gold should not be leveraged in what-soever form for importing Gold worth more than the advance remittance made.
- iii. In case the import of Gold through IFSCA authorised exchange, for which advance remittance has been made, does not materialize, or the advance remittance made for the purpose is more than the amount required, the unutilised advance remittance shall be remitted back to the same AD bank within the specified time limit of eleven days.
- iv. For gold imported through IIBX, QJ shall submit the Bill of Entry (or any other such applicable document issued/approved by Customs Department for evidence of import), issued by Customs Authorities to the AD bank from where advance payment has been remitted.
- v. All payments by qualified jewellers for imports of gold through IIBX, shall be made through exchange mechanism as approved by IFSCA in terms of IFSC Act and regulations. Any deviation from the extant guidelines for import of Gold through IIBX need to be approved in advance by IFSCA and other applicable and appropriate authority/ies.

IFSC Authority (IFSCA) will conduct all required due diligence on the exchange - IIBX including all other entities involved in enabling import of Gold by QJs in terms of the IFSCA regulations. IFSCA shall also put in place necessary system to ensure that the advance remittance received from QJs are solely for the purpose for the import of gold through IIBX.

Following shall also be ensured by AD Bank:

- a. Required documentation, custom related procedure and filing Bill of Entry as import evidence etc. is complete.
- b. Single/multiple QRMs created and matched with corresponding BOEs and closed properly in IDPMS.
- c. QJs comply with relevant extant instructions relating to imports under FEMA 1999, FTP, FTDR Act 1992 and regulations of IFSCA.

AD banks may frame their own internal guidelines to deal with such cases, with the approval of their Board of Directors.

Following are Reporting requirement by AD banks:

- i. AD bank shall create Outward Remittance Message (ORM) for all such outward remittances in IDPMS in terms of extant guidelines.
- ii. All these transactions need to be reported in FETERS in terms of extant guidelines.
- iii. AD bank shall report the import of gold through QJ in XBRL as prescribed in para C.11.1 of Master Direction – Import of Goods and Services.

Discontinuation of Return under Foreign Exchange Management Act, 1999

A.P. (DIR Series) Circular No. 05 dated June 09, 2022

Reference may be drawn to A.P. (DIR series) circular No 20, dated August 29, 2012, Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 and the Master Direction - Reporting under Foreign Exchange Management Act, 1999 dated January 01, 2016, as amended from time to time wherein 'Statement for reporting of non-resident guarantees issued and invoked in respect of fund and non-fund based facilities between two persons resident in India' was required to be filed.

It has now been decided to discontinue the above return, with effect from the quarter ending June 2022.

RBI NOTIFICATION NO. RBI/2022-2023/57 A.P. (DIR Series) Circular No.04 DATED May 25, 2022

Guidelines on import of gold by Qualified Jewellers as notified by – The International Financial Services Centers Authority (IFSCA)

Directorate General of Foreign Trade (DGFT) formulate and implement the Foreign Trade Policy and Procedures in terms of Foreign Trade (Development and Regulation) Act, 1992, (FTDR Act 1992, hereinafter) as amended from time to time. In exercise of powers conferred by Section 3 read with Section 5 of FTDR Act 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government has amended the import policy conditions for gold in any form, other than monetary gold and silver in any form under Chapter 71 of ITC (HS), 2017, Schedule-I (Import Policy) vide Notification No. 49/2015-2020 dated January 5, 2022.

2. Attention of Authorised Dealer Category - I (AD) bank is invited to (a) Notification No. 49/2015-2020 dated January 5, 2022, in terms of which, in addition to nominated agencies as notified by RBI (in case of banks) and nominated agencies as notified by DGFT, Qualified Jewellers (QJ) as notified by International Financial Services Centers Authority (IFSCA) will be permitted to import gold under specific ITC(HS) Codes through India International Bullion Exchange IFSC Ltd. (IIBX); (b) Master Direction – Import of Goods and Services and the AP Dir Series Circulars issued for import of Gold by Reserve Bank of India under FEMA, 1999; (c) regulations issued by the International Financial Services Centers Authority (IFSCA) under International Financial Services Centers Authority Act, 2019.

3. In order to enable resident Qualified Jewellers to import gold through IIBX or any other exchange approved by IFSCA and the DGFT, Government of India the following directions under FEMA are being issued.

- i. AD banks may allow Qualified Jewellers to remit advance payments for eleven days for import of Gold through IIBX in compliance to the extant Foreign Trade Policy and regulations issued under IFSC Act. AD banks shall ensure that advance remittance for such import through exchange/s authorised by IFSCA shall be as per the terms of the sale contract or other document in the nature of an irrevocable purchase order in terms of IFSC Act and regulations made thereunder by IFSCA. AD bank shall carry out all the due diligence and ensure the remittances sent are only for the bona fide import transactions through exchange/s authorised by IFSCA.
- ii. The advance remittance for import of Gold should not be leveraged in what-so-ever form for importing Gold worth more than the advance remittance made.
- iii. In case the import of Gold through IFSCA authorised exchange, for which advance remittance has been made, does not materialize, or the advance remittance made for the purpose is more than the amount required, the unutilised advance remittance shall be remitted back to the same AD bank within the specified time limit of eleven days.
- iv. For gold imported through IIBX, QJ shall submit the Bill of Entry (or any other such applicable document issued/approved by Customs Department for evidence of import), issued by Customs Authorities to the AD bank from where advance payment has been remitted.
- v. All payments by qualified jewellers for imports of gold through IIBX, shall be made through exchange mechanism as approved by IFSCA in terms of IFSC Act and regulations. Any deviation from the extant guidelines for import of Gold through IIBX need to be approved in advance by IFSCA and other applicable and appropriate authority/ies.

4. IFSC Authority (IFSCA) will conduct all required due diligence on the exchange - IIBX including all other entities involved in enabling import of Gold by QJs in terms of the IFSCA regulations. IFSCA shall also put in place necessary system to ensure that the advance remittance received from QJs are solely for the purpose for the import of gold through IIBX.

5. AD bank shall ensure that:

- a. all required documentation, custom duty related procedures and filing Bill of Entry as evidence of import, etc. is complete for the import of Gold by QJ within the specified applicable period.
- b. single/multiple ORMs created and matched with corresponding BoEs (Bill of Entry) and closed appropriately in IDPMS.
- c. the importer - that is QJs comply with the related extant instructions relating to imports under FEMA, 1999, FTDR Act 1992, Foreign Trade Policy and regulations of IFSCA.

AD banks may frame their own internal guidelines to deal with such cases, with the approval of their Board of Directors.

6. Reporting requirement by AD banks:

- i. AD bank shall create Outward Remittance Message (ORM) for all such outward remittances in IDPMS in terms of extant guidelines.
- ii. All these transactions need to be reported in FETERS in terms of extant guidelines.
- iii. AD bank shall report the import of gold through QJ in XBRL as prescribed in para C.11.1 of Master Direction – Import of Goods and Services.

7. The abovementioned arrangement is for the sole purpose of facilitating physical import of gold through IIBX or any similar exchange authorised by IFSCA, by Qualified Jewellers in India.

8. The above instructions shall come into force with immediate effect. AD banks may bring the contents of this Circular to the notice of their constituents and customers concerned.

9. 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.

RBI NOTIFICATION NO. RBI/2022-23/60 DOR.STR.REC.39/04.02.001/2022-23 DATED May 31, 2022

Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit - Extension

Please refer to paragraph 2.4 of the circular No. DOR.STR.REC.93/04.02.001/2021-22 dated March 8, 2022, wherein it was stated that the extended IES would not be available to those beneficiaries who were availing of the benefit under any Production Linked Incentive (PLI) scheme of the Government.

2. In this regard, Government has issued a clarification that the extended IES will also be available to such beneficiaries for segments other than for which they have availed of PLI benefits.

3. It is further advised that banks shall obtain a Self-Declaration under the IES from the exporters as per the format given in the Annex.

4. These provisions shall be deemed effective from October 1, 2021. Other provisions of the aforesaid circular shall remain unchanged.

Annex

SELF DECLARATION

Declaration under Interest Equalization Scheme (IES)

1. I/We hereby declare that I/We am/are not availing benefits under the Production Linked Incentive (PLI) scheme of Government of India in the segment/sector for which this application for pre/post shipment credit under the Interest Equalization Scheme (IES) has been made.

2. I/We fully understand that if any information furnished in the application is found incorrect or false, it will render me/us liable for any penal action or other consequences as may be prescribed in law or otherwise warranted.

3. I/We hereby declare that the particulars and the statements made in this application are true and correct to the best of my/our knowledge and belief and nothing has been concealed or withheld therefrom.

Signature of Exporter

3. RBI NOTIFICATION NO. RBI/2022-23/93 FMRD.DIRD.02/14.01.023/2022-23 DATED June 01, 2022

Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022

Please refer to Paragraph 10 of the Statement on Developmental and Regulatory Policies announced as a part of the Bi-monthly Monetary Policy Statement for 2019-20 dated February 06, 2020, on issuance of the Directions regarding exchange of variation margin (VM) for non-centrally cleared derivatives (NCCDs).

2. Accordingly, the draft Variation Margin (Reserve Bank) Directions, 2020 were released for public comments on September 07, 2020. Based on the feedback received from the market participants, the draft Directions were reviewed and have since been finalised.

The Master Direction – Reserve Bank of India (Variation Margin) Directions, 2022 can be accessed at webpage: <https://www.rbi.org.in/Scripts/NotificationUser.aspx/NotificationUser.aspx?Id=12328&Mode=0>

4. RBI NOTIFICATION NO. RBI/2022-23/61 DOR.STR.REC.40/21.04.048/2022-23 DATED June 6, 2022

Provisioning for Standard assets by Non-Banking Financial Company – Upper Layer

Please refer to the circular DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021 on “Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs” wherein it was inter alia mentioned that RBI would issue guidelines on differential provisioning to be held by NBFCs classified as NBFC-Upper Layer (NBFC-UL) towards different classes of standard assets.

2. Accordingly, it has been decided that NBFCs classified as NBFC-UL shall maintain provisions in respect of ‘standard’ assets at the following rates for the funded amount outstanding:

Category of Assets	Rate of Provision
Individual housing loans and loans to Small and Micro Enterprises (SMEs)	0.25 per cent
Housing loans extended at teaser rates	2.00 per cent, which will decrease to 0.40 per cent after 1 year from the date on which the rates are reset at higher rates (if the accounts remain ‘standard’)
Advances to Commercial Real Estate – Residential Housing (CRE - RH) Sector	0.75 per cent
Advances to Commercial Real Estate (CRE) Sector (other than CRE-RH)	1.00 per cent
Restructured advances	As stipulated in the applicable prudential norms for restructuring of advances
All other loans and advances not included above, including loans to Medium Enterprises	0.40 per cent

3. Current credit exposures arising on account of the permitted derivative transactions shall also attract provisioning requirement as applicable to the loan assets in the ‘standard’ category, of the concerned counterparties. All conditions applicable for treatment of the provisions for standard assets would also apply to the aforesaid provisions for permitted derivative transactions.

4. Since NBFCs with net worth of Rs. 250 crore or above are required to comply with Indian Accounting Standards (Ind AS) for the preparation of their financial statements, they shall continue to hold impairment allowances as required under Ind AS, subject to the prudential floor as prescribed under Paragraph 2 of the Annex to the circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated

March 13, 2020. The above-mentioned provisions shall, however, be included in the computation of the prudential floor, but shall not be reckoned for calculating net NPAs.

5. For the purpose of these instructions, the following definitions / clarifications shall apply:

- a. The definition of the terms Micro Enterprises, Small Enterprises, and Medium Enterprises shall be as per the circular FIDD.MSME & NFS.BC.No.3/06.02.31/2020-21 dated July 2, 2020 on 'Credit flow to Micro, Small and Medium Enterprises Sector' as updated from time to time.
- b. Commercial Real Estate (CRE) would consist of loans to builders/ developers/ others for creation/acquisition of commercial real estate (such as office building, retail space, multi-purpose commercial premises, multi- tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) where the prospects for repayment, or recovery in case of default, would depend primarily on the cash flows generated by the asset by way of lease/rental payments, sale etc. Further, loans for third dwelling unit onwards to an individual will be treated as CRE exposure.
- c. Commercial Real Estate – Residential Housing (CRE–RH) is a sub-category of CRE that consist of loans to builders/ developers for residential housing projects (except for captive consumption). Such projects should ordinarily not include non-residential commercial real estate. However integrated housing project comprising of some commercial spaces (e.g. shopping complex, school etc.) can also be specified under CRE-RH, provided that the commercial area in the residential housing project does not exceed 10 per cent of the total Floor Space Index (FSI) of the project. In case the FSI of the commercial area in the predominantly residential housing complex exceed the ceiling of 10 per cent, the entire loan should be classified as CRE and not CRE-RH.
- d. Housing loans extended at teaser rates shall mean housing loans having comparatively lower rates of interest in the first few years after which the rates of interest are reset at higher rates.
- e. Current credit exposure is defined as the sum of the gross positive mark-to-market value of all derivative contracts with respect to a single counterparty, without adjusting against any negative marked-to-market values of contracts with the same counterparty.

6. These guidelines shall be effective from October 1, 2022.

5. RBI NOTIFICATION NO. RBI/2022-23/69 A.P. (DIR Series) Circular No. 05 DATED June 09, 2022

Discontinuation of Return under Foreign Exchange Management Act, 1999

Attention of Authorised Persons is invited to A.P. (DIR series) circular No 26, dated February 18, 2022, wherein Authorised Persons were advised about proposed discontinuation of the return "Details of guarantee availed and invoked from non-resident entities". It was also advised that the date of discontinuation would be notified in due course.

2. In this regard, reference may be drawn to A.P. (DIR series) circular No 20, dated August 29, 2012, Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 and the Master Direction - Reporting under Foreign Exchange Management Act, 1999 dated January 01, 2016, as amended from time to time (Refer Part X – 'Statement for reporting of non-resident guarantees issued and invoked in respect of fund and non-fund based facilities between two persons resident in India').

3. It has now been decided to discontinue the above return, with effect from the quarter ending June 2022.

4. The above-mentioned Master Directions are being updated to reflect these changes. AD banks may bring the contents of this circular to the notice of their constituents.

5. The directions contained in this circular have been issued under Section 10(4) and 11(2) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.