



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2014-15/603

A. P. (DIR Series) Circular No. 102

May 21, 2015

To,

All Authorised Dealer Category - I Banks

Madam / Sir,

Rupee Drawing Arrangement - Increase in trade related remittance limit

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to Part (B) of Annex-I to the [A.P. \(DIR Series\) Circular No. 28 \[A. P. \(FL/RL Series\) Circular No. 02\] dated February 6, 2008](#) on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses and [A.P. \(DIR Series\) Circular No.111 dated March 13, 2014](#), as amended from time to time.

2. On a review of the permitted transactions under the Rupee Drawing Arrangements (RDAs), it has been decided to increase the limit of trade transactions from the existing Rs. 5,00,000/- (Rupees Five Lakh only) per transaction to Rs. 15,00,000/- (Rupees Fifteen Lakh only) per transaction, with immediate effect.

3. Further, it has been decided to permit AD banks to regularise payments exceeding the prescribed limit under RDA provided that they are satisfied with the bonafide of the transaction. Further they must take additional steps as under:

- i. AD banks must ensure the remittances received under RDA are from FATF compliant countries,
- ii. KYC/AML/CFT and other due diligence concerns should be taken care of by AD banks,
- iii. Individual Exchange Houses which are frequently sending large value trade related remittances must be reviewed and reported to the Reserve Bank of India,

- iv. AD banks must contact their correspondents that maintain accounts for, or facilitate transactions on behalf of Exchange Houses in order to request additional information regarding high value trade related transactions and the parties involved. The collected details should be kept on record and it may be made available for scrutiny,
 - v. AD banks must ensure that the proceeds of export payment through RDA is applied to the outstanding export finance if any, availed by the exporter from any bank for the concerned export transaction and obtain a declaration to that effect from the exporter.
4. All other instructions issued vide [A.P. \(DIR Series\) Circular No. 28 \[A. P. \(FL/RL Series\) Circular No. 02\] dated February 6, 2008](#), as amended from time to time, will 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 Section 10(4) and Section 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,

(B. P. Kanungo)
Principal Chief General Manager