



June 2025

The Reserve Bank of India relaxes norms pertaining to advance remittance for import of shipping vessels

The Reserve Bank of India, *vide* its notification dated June 13, 2025, has announced a relaxation for the Indian shipping sector, with a view to facilitate and promote maritime trade and capital investments.

Importers of shipping vessels in India are now permitted to make advance payments of up to USD 50,000,000 (US Dollars fifty million) to exporters of such shipping vessels, without the requirement of a bank guarantee or unconditional and irrevocable standby letter of credit.

This relaxation remains subject to the other conditions stipulated under paragraph C.1.3.3 of the Master Direction on Import of Goods and Services dated January 1, 2016. These conditions *inter alia*, include the following:

1. authorised dealer bank is required to be satisfied about the genuineness of the transaction;
2. verification of credentials (i.e. know your customer) and due diligence to be undertaken by authorised dealer banks on the Indian importer and overseas exporter;
3. payment is required to be made directly to the account of the overseas exporter, as per the terms of the sale contract; and
4. import is required to be made within the permitted 6 (six) months from the date of remittance of the advance amount (except for capital goods).

Conclusion

This relaxation is aimed at easing operational difficulties in high-value imports in the shipping sector, while maintaining the regulatory discipline. In essence, it will reduce financial burden on Indian shipping companies, as they will not be required to avail non-fund based facilities in form of bank guarantees or standby letters of credit from overseas banks / authorised dealer banks, if their advance remittance falls within the aforementioned limit of USD 50,000,000 (US Dollars fifty million). This will enable Indian shipping companies to acquire shipping vessels in a timely manner. With a greater number of vessels available with the Indian shipping companies, India's foreign trade is also expected to rise.

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