

Use of Credit Cards
AP (DIR Series) Circular No.53 (June 27, 2002)

Reserve Bank of India
Exchange Control Department
Central Office
Mumbai 400 001

AP (DIR Series) Circular No.53

June 27, 2002

To,
All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Use of Credit Cards

Attention of Authorised Dealers is invited to paragraph 3 of AP(DIR Series) Circular No.19 dated October 30, 2000 clarifying that the term "currency", inter alia, includes Credit Cards, ATM Cards and Debit Cards etc. and all the rules, regulations made and directions issued under the Foreign Exchange Management Act apply to Credit Cards, ATM Cards, Debit Cards etc. also.

2. It is clarified that :-

- (i) International Credit Cards can be used on internet for any purpose for which exchange can be purchased from an authorised dealer in India, e.g. for import of books, purchase of downloadable softwares or import of any other item permissible under EXIM Policy.
- (ii) International Credit Cards cannot be used on internet or otherwise for purchase of prohibited items, like lottery tickets, banned or proscribed magazines, participation in sweepstakes, payment for call-back services etc., since no drawal of foreign exchange is permitted for such items/activities.
- (iii) There is no aggregate monetary ceiling separately prescribed for use of International Credit Cards through internet.

It is further clarified that Debit Cards and ATM Cards can also be used for any purpose for which foreign exchange can be purchased from an authorised dealer in India.

3. Attention of authorised dealers is also invited to item (iii) of Regulation 4 of the Reserve Bank Notification No.14/2000-RB dated 3rd May 2000 in terms of which payment received in rupees from credit card servicing banks in India against the charge slip signed by the buyer is a permissible method for receipt of payment

for exports made out of India. This permission presumes that the importer client had decided to make payment when he was on a visit to India. It has now been decided to permit authorised dealers to accept payment by debit to credit card for exports made out of India irrespective of whether the importer client is on a visit to India or not. Accordingly, it is clarified that authorised dealers may receive payment for exports made out of India by debit to the credit card of an importer, where the reimbursement from the card issuing bank/organisation will be received in foreign exchange.

4. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.

5. 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).

Yours faithfully,
Grace Koshie
Chief General Manager