

RBI/2022-2023/89
A.P. (DIR Series) Circular No. 09

July 08, 2022

To
All Category-I Authorised Dealer Banks

Madam/Sir,

Asian Clearing Union (ACU) Mechanism – Indo-Sri Lanka trade

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Regulations 3 and 5 of [Foreign Exchange Management \(Manner of Receipt and Payment\) Regulations, 2016](#) in terms of which export / import transactions between ACU member countries are to be routed through the ACU mechanism.

2. The extant provisions have been reviewed and in terms of clause b of sub-Regulation 2 of Regulation 3 and clause c of sub-Regulation 2 of Regulation 5 of [Foreign Exchange Management \(Manner of Receipt and Payment\) Regulations, 2016](#), it has been decided that all eligible current account transactions including trade transactions with Sri Lanka may be settled in any permitted currency outside the ACU mechanism until further notice.

3. The above instructions shall come into force with immediate effect. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned.

4. 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,

(Vivek Srivastava)
Chief General Manager