



**RESERVE BANK OF INDIA**  
**Mumbai - 400 001**

---

**RBI/2015-16/230**

**November 05, 2015**

**A. P. (DIR Series) Circular No. 26**

To

All Authorised Dealers in Foreign Exchange

Madam / Sir,

**Switching from Barter Trade to Normal Trade at the Indo-Myanmar Border**

Attention of the Authorised Dealers is invited to A.D. (G.P. Series) Circular No.8 dated May 17, 1997 read with [A.P.\(DIR Series\) Circular No. 17 dated October 16, 2000](#) in terms of which it has been stipulated that the border trade between Myanmar and India may be settled through barter system. Further, in terms of Regulation 3 and 5 of the [Notification No. FEMA 14/2000-RB dated May 3, 2000](#) [viz. Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000] as amended from time to time, the trade transactions with Myanmar may be settled in any permitted currency in addition to the Asian Clearing Union mechanism.

2. Barter trade was initially permitted to facilitate exchange of locally produced commodities along the Indo-Myanmar border. As such, these transactions were not captured in the banking system or reflected in the trade statistics. However, over a period of time the trade basket has diversified and adequate banking presence is in place to support normal trade with Myanmar.

3. It has, therefore, been decided, in consultation with Government of India, to do away with the barter system of trade at the Indo-Myanmar border and switch over completely to normal trade with effect from December 1, 2015. Hence instructions contained in [A.P. \(DIR Series\) Circular No. 17 dated October 16, 2000](#), stand withdrawn. Accordingly, all trade transactions with

Myanmar, including those at the Indo-Myanmar border with effect from December 1, 2015 would be settled in any permitted currency in addition to the Asian Clearing Union mechanism.

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

5. Reserve Bank has also amended the Principal Regulations through the Foreign Exchange Management (Export of Goods & Services) (Second Amendment) Regulations, 2015 notified through [Notification No FEMA.347/2015-RB dated July 24, 2015](#), vide G.S.R. No 579 (E) dated July 24, 2015.

4. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the FEMA, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(A. K. Pandey)  
Chief General Manager