

Annex I

Definitions

In these guidelines, unless the context otherwise requires:

- i. "Fortnight" shall mean the period from Saturday to the second following Friday, both days inclusive;
- ii. "Bank" or "banking company" means a banking company as defined in clause (c) of Section 5 of the Banking Regulation Act, 1949 (10 of 1949) or a "corresponding new bank", "State Bank of India" or "subsidiary bank" as defined in clause (da), clause (nc) and clause (nd) respectively thereof and includes a "co-operative bank" as defined in clause (cci) of Section 5 read with Section 56 of that Act.
- iii. "Scheduled bank" means a bank included in the Second Schedule of the Reserve Bank of India Act, 1934.
- iv. "Export Bills" means all export bills having a usance not exceeding 180 days purchased/negotiated/discounted by the borrowing bank under letters of credit or otherwise which are drawn in India or any country outside India which is a member of the International Monetary Fund or any other country notified in this behalf by the Bank in the Gazette of India would be eligible for inclusion in the declaration to be furnished by it.
- v. "Pre-shipment Credit" means the credit granted by banks to bonafide exporters on the strength of letters of credit established by banks of good standing abroad in favour of the local exporter or on the strength of firm export order and the borrowing bank should ensure that the relevant documents are lodged with it.
- vi. "Export credit eligible for refinance" means the aggregate outstanding export credit as on the last Friday of the second preceding reporting fortnight minus Pre-shipment Credit in Foreign Currency (PCFC), Export bills discounted/rediscounted under the scheme of 'Rediscounting of Export Bills Abroad' (EBR), overdue rupee export credit and other export credit not eligible for refinance, export bills rediscounted with other banks/Exim Bank/Financial Institutions and export credit against which refinance has been obtained from NABARD/EXIM Bank.

Annex II

Form of Agreement

**DAD 297
Para 7.50**

Form of agreement to be obtained from the Principal Office of the scheduled bank for borrowings in respect of bank finance for exports of goods (to be stamped as an agreement in accordance with the law in force in each state)

The Reserve Bank of India

Dear Sirs,

In consideration of your agreeing to make from time to time, under section 17(3A) of the Reserve Bank of India Act, and on the terms and conditions contained in the Memorandum attached to the circular DBOD.No.BM.78/C.297(M)-69 dated the 20th January 1969 advance in your discretion but not in any event exceeding the sum (exclusive of interest) of Rs..... for which amount we have delivered to you a demand promissory note in your favour carrying interest at the rate hereinafter mentioned, which advances shall be repayable on demand and shall be made upon declaration in such forms as may be prescribed by you. We agree as follows:

- (1) The balance of the said advances at any time outstanding shall be repayable by us to you on demand.
- (2) Each drawal of advances under this agreement shall have a maturity period not exceeding 180 days and shall be repayable by us within the said period.
- (3) Interest shall be payable by us to you at such rate as may be notified by you from time to time, with monthly rests and the amounts of such interest calculated on the daily balances may be debited to the account of the said advances at the end of each respective month or earlier when the balance outstanding is wiped out. It shall be open to you to reimburse yourself with the amount of interest so debited by charging the same to our current account with you.
- (4) We agree that in default of payment by us under the terms of clauses (1) and (2) hereof, you may, but without any obligation on your so to do, debit our current account with you for the amount due by us on account of the loan of advance granted in terms of Section 17(3A) of the said Act.
- (5) We agree and undertake that the loan or advance granted by us to exporters or other persons eligible for refinance in order to enable them to export goods from India and drawn and outstanding at any time shall not be less than the outstanding amount of the loan or advance obtained by us from you. We further agree to maintain in your favour such margin as you may from time to time prescribe so that the shortfall in the margin stipulated therein, we shall forthwith on demand by you reduce the balance due to you by a cash payment so as to make good the amount of margin required to be maintained.
- (6) We further agree that we will from time to time, while these advances continue and whenever required by you to do so furnish you with such information regarding the outstanding in the advances made by us in respect of export of goods eligible for refinance and true reports in such as you may prescribe regarding the solvency of the borrowers and agree to advise you promptly of any change in the position of any such borrower which can be reasonably be considered to affect our security.

(7)We hereby agree to execute on demand such documents as may be required by you to create in your favour an overall charge on our book debts represented by the advances made by us in respect of export of goods eligible for refinance or to vest in you such security as are specified by you so as to render the same readily saleable or transferable by you at any time.

(8)We agree and undertake to pay interest at such higher rate as you may decide, in the following cases; where

- (a) Export Credit Refinance utilisation is in excess of the limit allowed,
- (b) Refinance limits are calculated or reported wrongly,
- (c) Drawals remain outstanding beyond 180 days on account of insufficient fund in our account
- (d) There is long delay in reporting about the excess or irregular utilisation by us for the period of delay.

(9)We also agree that this agreement and said demand promissory note for Rs..... shall operate as a continuing security for the said advance notwithstanding the existence of a credit balance at any time or any partial payment or fluctuations of accounts or withdrawal of any part of the security.

Yours faithfully

For and on behalf of
(Name of the schedule Bank)
(Signature of authorized official)
(Designation).

(On the letter head)

**DEMAND PROMISSORY NOTE
(Export Credit Refinance Facility)**

On demand, we, (Bank's Name), promise to pay to the Reserve Bank of India or order the sum of Rs..... (Rupees) with Interest at repo rates as announced by Reserve Bank of India for export credit refinance facility at the time of full repayment or at monthly rests whichever is earlier for value received.

Place:

For and on behalf of.....

Date:

(2 Signatories & revenue stamp)
Names & Designation of both signatories

Specimen of Board Resolution

A copy of the Board Resolution No. Passed at the meeting of the board held on

"Resolved -

- (i) that the bank to borrow from the Reserve Bank of India in terms of Pre-shipment Credit Scheme and/or Export Bills Credit Scheme under Section 17(3A) of the Reserve Bank of India Act 1934 upto the limit that may be approved and upon such terms and conditions as may be imposed by the Reserve Bank of India from time to time;
- (ii) that the following officers of the bank be and are hereby severally empowered to execute and furnish the necessary agreements, loan documents, declarations, statements and certificates on behalf of the bank for the purpose of availing of the above mentioned facilities from the Reserve Bank of India and such other instruments and documents as may be required by the Reserve Bank of India in this behalf.

Date:

The Reserve Bank of India
Deposit Accounts Department
Mumbai-400 001

Dear Sir

With reference to the Agreement dated we agree that in consideration of your agreeing to increase the limit of Rs.....(.....) specified therein to a fresh limit of Rs..... (Rupees) for which amount we have delivered to you a consolidated demand promissory note, carrying interest at p.a. with monthly rests, all the terms of the said agreement shall apply to and in relation to the fresh limit of and the consolidated demand promissory note for Rs..... (Rupees) and the advances thereunder, as they apply to and in relation to the limit of and demand promissory note for Rs..... (Rupees) and the advances thereunder.

Yours faithfully,

For and on behalf of
(Name of the scheduled Bank)