

**Credit Control and Other Measures
SEPTEMBER 2001**

Selected circulars issued by the Reserve Bank of India during September 2001 are reproduced below.

Ref.No.MPD.BC.209/07.01.279/2001-02 dated September 24, 2001

**All Scheduled Commercial Banks
Interest Rate Ceilings on Rupee Export Credit**

On consideration of special circumstances arising out of the recent global developments and its consequent implications for Indian trade, it has been decided to effect reduction in the ceiling of interest rates charged by scheduled commercial banks on pre-shipment and post-shipment rupee export credit with effect from September 26, 2001. The existing and the new interest rate ceilings are given in the annexure.

2. The revised interest rates on export credit will be applicable up to March 31, 2002. Thereafter, *status quo ante* will be restored automatically.

**Annexure
Interest Rate Ceilings on Export Credit of Scheduled Commercial Banks**

Category	Existing	New* (With effect from September 26, 2001)
Pre-shipment Credit		
i) Up to 180 days	Not exceeding PLR minus 1.5 percentage points	Not exceeding PLR minus 2.5 percentage points
(ii) Beyond 180 days and up to 270 days	Not exceeding PLR plus 1.5 percentage points	Not exceeding PLR plus 0.5 percentage points
Post-shipment Credit		
a) On demand bills for transit period (as specified by FEDAI)	Not exceeding PLR minus 1.5 percentage points	Not exceeding PLR minus 2.5 percentage points
b) Usance Bills		
(i) Up to 90 days	Not exceeding PLR minus 1.5 percentage points	Not exceeding PLR minus 2.5 percentage points
ii) Beyond 90 days and up to 6 months from date of shipment	Not exceeding PLR plus 1.5 percentage points	Not exceeding PLR plus 0.5 percentage points

* Note : Since these are ceiling rates, banks would be free to charge any rate below the ceiling rates.

Ref. UBD.No.DS.SUCB.CIR/5/13.04.00/2001-02 dated September 24, 2001

The Chief Executive Officers of all Scheduled Urban Co-operative Banks

Special Financial Package for large value exports - Rupee credit interest rates

Please refer to our circular UBD.No. DS.SUCB.CIR.4/13.04.00/2001-02 dated September 24, 2001 on rupee export credit interest rates. We have received representations that large export projects in India are in need of bank credit for an extended period at internationally competitive terms. The issue has been examined in the light of export competitiveness of various products. A special financial package has been drawn in consultation with the Government of India, for large value exports of select products, which are internationally competitive and have high value addition. The details of the financial package are furnished below :

- i) The products eligible for export under special financial package are :
 - (a) pharmaceuticals (including drugs, fine chemicals),
 - (b) agro-chemicals (including inorganic and organic chemicals),
 - (c) transport equipment (including commercial vehicles, two and three wheelers, tractors, railway wagons, locomotives),
 - (d) cement (including glass, glassware, ceramics and refractories),
 - (e) iron and steel (including iron and steel bars/rods and primary and semi-finished iron and steel),
 - (f) electrical machinery (including transmission line towers, switch gear, transformers).
- ii) Manufacturer exporters of above products with export contracts of Rs. 100 crore and above in value terms in one year will be eligible for the special financial package.
- iii) Validity period of the financial package will be from October 1, 2001 to September 30, 2002.
- iv) Exporters covered under the special financial package will be extended credit at concessional rate of interest for an extended period upto 365 days at pre-shipment as well as post-shipment stages as against the maximum periods of 270 days and 180 days respectively applicable for normal export credits. Further, the rate of interest of export credit for period beyond 270 days and upto 365 days at pre-shipment stage will be the same as for normal pre-shipment credit for period beyond 180 days and upto 270 days. Similarly, post-shipment credit will be extended for periods beyond 180 days and upto 365 days at the same rate of interest as applicable for normal post-shipment credit for the period beyond 90 days and upto 180 days.
- v) Exchange Control Department will issue necessary directions to authorise dealers extending general permission for realisation of export proceeds upto 365 days in respect of exports covered under the special financial package.

2. We shall be glad if you will please issue necessary instructions to your branches and a copy of the circular issued to the branches may positively be forwarded to our Regional Office for information and record.

3. We also request you to forward to our Regional Office a monthly statement of credit extended at both pre and post-shipment stages under the above financial package.