

Export Credit - Interest Rates

RESERVE BANK OF INDIA
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IECD.No. 15/04.02.01/99-2000

May 25, 2000

The Chairmen/Chief Executives of
all commercial banks

Dear Sir,

Export Credit - Interest Rates

Please refer to our circular IECD.No.6/04.02.01/99-2000 dated October 29, 1999 in terms of which freedom was given to banks to decide the appropriate rate of interest in respect of the category of "Export Credit Not Otherwise Specified" (ECNOS) at post-shipment stage. It has now been decided that with effect from May 26, 2000 the interest rate applicable for ECNOS at post-shipment stage in respect of overdue export bills be changed to 25 per cent per annum (minimum) from the date the bills fall due for payment. Banks are advised to ensure that exporters do not delay repatriation of export proceeds beyond the due date.

2. The revision in the interest rate as above effective from May 26, 2000 will be applicable not only to fresh advances but also to the existing advances for the remaining period.

3. A copy of the Directive DBOD.No.BC.178/13.07.01/2000 dated May 25, 2000 containing the changes made in the interest rate on rupee export credit as indicated above is enclosed.

4. In view of the above, the word "free" stated at item 4(b) of Annexure II to paragraph 13A-III(5)(1) in the Manual of Instructions issued by RBI(DBOD, DBS and IECD) may please be corrected to read as "25.00 (minimum)".

5. Please acknowledge receipt.

Yours faithfully,

(S.S. Gangopadhyay)
Chief General Manager