

**Export Credit - Suggestions from exporters
for improvement in procedures - action points**

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IECD No 4/04.02.02/2000-2001

October 10, 2000

**The Chairmen/Chief Executives
of all Commercial banks**

Dear Sir,

**Export Credit - Suggestions from exporters
for improvement in procedures - action points**

Please refer to paragraphs 25 and 49(d) of the Statement on Mid-term Review of Monetary and Credit Policy for the year 2000-2001 enclosed to letter No. MPD.BC.201/07.01.279/2000-01 dated October 10, 2000 regarding the suggestions received from export organisations and exporters on further improvement of procedures for export credit delivery. As stated therein, these suggestions have been examined by the Bankers' Group and RBI, and banks are advised to implement the following recommendations of the Bankers' Group.

2. In cases where the export credit limits are utilised fully, banks may adopt a flexible approach in negotiating the bills drawn against LCs and consider in such cases delegating discretionary/higher sanctioning powers to branch managers to meet the credit requirements of the exporters. Similarly, branches may also be authorised to disburse a certain percentage of the enhanced/adhoc limits, pending sanction by higher authorities/board/committee who had originally accorded sanctions, to enable the exporters to execute urgent export orders in time.

3. It is reported that banks are hesitant to waive submission of order/LC even in respect of exporters with good track record as settlement of claims, if any, by ECGC is adversely affected

by such waivers. ECGC has reported that any waiver of submission of order/LC should form part of the terms of sanction of the export credit limits and should be communicated to ECGC. Where such waivers are permitted ab-initio and the system of obtaining periodical statement of outstanding orders/LCs on hand has been put in place, the same may be incorporated in the sanction proposals as well as in the sanction letters issued to exporters and appropriately brought to the notice of ECGC. Further, if such waivers are permitted at a time subsequent to sanction of export credit limits with the approval of the appropriate authority, the same may be incorporated in the terms of sanction by way of amendments and communicated to ECGC.

4. Please acknowledge receipt and advise us of the action taken in this regard.

Yours faithfully,

(S.S.Gangopadhyay)
Chief General Manager