

Interest Rate on Export Credit

IECD. No. 9 /04.02.01/2000-01

January 5, 2001

The Chairmen/Chief Executives
of commercial banks

Dear Sirs,

Interest Rate on Export Credit

Please refer to our circular IECD.No.15/04.02.01/99-2000 dated May 25, 2000 regarding prescription of interest rate at 25 per cent per annum (minimum) for Export Credit Not Otherwise Specified (ECNOS) at post-shipment stage applicable to overdue export bills.

2. On a review of the current situation, it has been decided that the prescription of interest at 25 per cent per annum (minimum) would stand withdrawn effective from January 6, 2001 and banks would be free to decide the rate to be charged keeping in view their PLR and spread guidelines. Accordingly, a Directive DBOD.No.BC.65 / 13.07.01/2001 dated January 5, 2001, amending the interest rate is enclosed.

3. The revision in the rate of interest as above with effect from January 6, 2001 will be applicable not only to fresh advances but also to the existing advances for the remaining period. However, the present instructions for ensuring that there is no deliberate attempt to delay repatriation of export receipts will remain in force.

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

5. Please acknowledge receipt.

Yours faithfully,

(S.S.Gangopadhyay)
Chief General Manager

Encls : As above

DIRECTIVE DBOD.No.BC. 65 /13.07.01/2001

January 5, 2001

Interest Rates on Advances

In exercise of the powers conferred by Sections 21 and 35A of the Banking Regulation Act 1949, the Reserve Bank of India, being satisfied that it is necessary and expedient in the public interest so to do, hereby directs that with effect from January 6, 2001 the interest rate on rupee export credit indicated against item 4(b) in the Appendix to its Directive DBOD.NO.Dir.BC.178/13.07.01/2000 dated May 25, 2000 be changed as indicated in the Appendix enclosed to this Directive.

(G.P.Muniappan)
Executive Director

Encl : as above

Rate of interest (per cent per annum)

Existing

New

(Effective January 6 , 2001)

**4. EXPORT CREDIT NOT
OTHERWISE SPECIFIED**

(b) Post-shipment credit

**25.00
(minimum)**

Free@

@ Free – The banks are free to decide the rate of interest to be charged keeping in view the PLR and spread guidelines.