

RBI/2004/177
MPD.No. 248 /07.01.279/2003-04

Vaishakha 3, 1926 (Saka)
April 23, 2004

To,
All Scheduled Commercial Banks

Dear Sir,

Interest Rate Ceiling on Rupee Export Credit

On September 24, 2001, it was decided to effect reduction in the ceiling of interest rates charged by scheduled commercial banks on pre-shipment and post shipment rupee export credit by one percentage point across the board with effect from September 26, 2001. This dispensation was earlier extended up to April 30, 2004.

2. The validity of the reduction in the interest rates on pre-shipment rupee export credit up to 180 days and post-shipment rupee export credit up to 90 days announced on September 24, 2001 would now remain in force up to April 30, 2005 (Annex).

3. Kindly acknowledge receipt of this letter.

Yours faithfully,

(D.Anjaneyulu)
Principal Monetary Policy Adviser

Encl.: as above.

Annex

Category	With effect from May 01, 2004 (up to April 30, 2005)
<u>Pre-shipment Rupee Export Credit</u>	
(i) Up to 180 days	Not exceeding BPLR minus 2.5 percentage points.
(ii) Beyond 180 days and up to 270 days	Free.
<u>Post-shipment Rupee Export Credit</u>	
(a) On demand bills for transit period (as specified by FEDAI)	Not exceeding BPLR minus 2.5 percentage points.
(b) Usance bills	
(i) Up to 90 days	Not exceeding BPLR minus 2.5 percentage points.
(ii) Beyond 90 days and up to 6 months from the date of shipment.	Free

BPLR : Benchmark Prime Lending Rate

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