

**RBI/2005-06/194**  
**Ref.No.MPD.BC.276/07.01.279/2005-06**

**October 28, 2005**  
**Kartika 6, 1927(Saka)**

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 (linked to BPLR) with effect from September 26, 2001. This dispensation was earlier extended up to October 31, 2005.

2. Subject to the review of the BPLR system afresh, as indicated in the Mid-term Review of the Annual Policy Statement for the year 2005-06, it has been decided to extend the validity of the reduction in the interest rates (linked to BPLR) 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 for a further period of six months up to April 30, 2006 (Annex).
3. Kindly acknowledge receipt.

Yours faithfully,

(K.Kanagasabapathy)  
Adviser-in-Charge

**Annex**

<b>Category</b>	<b>With effect from November 01, 2005 (up to April 30, 2006)</b>
<b><u>Pre-shipment Rupee Export Credit</u></b>  (i) Up to 180 days  (ii) Beyond 180 days and up to 270 days	  Not exceeding BPLR minus 2.5 percentage points.  Free.
<b><u>Post-shipment Rupee Export Credit</u></b>  (a) On demand bills for transit period (as specified by FEDAI)  (b) Usance bills  (i) Up to 90 days  (ii) Beyond 90 days and up to 6 months from the date of shipment	  Not exceeding BPLR minus 2.5 percentage points.  Not exceeding BPLR minus 2.5 percentage points.  Free.

BPLR : Benchmark Prime Lending Rate

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