

RBI/2005-06/362
DBOD .DIR (Exp). No. 78/04.02.01/2005-06

April 18, 2006

All Commercial Banks

Dear Sir,

Interest Rates on Export Credit in Foreign Currency

Please refer to paragraph 113 of the Annual Policy Statement for the year 2006-07 enclosed to the Governor's letter No. MPD.BC.279/07.01.279/2005-06 dated April 18, 2006 relating to export credit in foreign currency.

2. On the basis of the recommendation of the Working Group to Review Export Credit, it has been decided to revise the ceiling rate on export credit in foreign currency by banks to LIBOR plus 100 basis points from the present ceiling rate of LIBOR plus 75 basis points with immediate effect . Similar changes may be effected in interest rates in cases where EURO LIBOR/EURIBOR have been used as the benchmark. The rates of interest applicable have been incorporated in the Annex to the DBOD.DIR. BC. No. 77/04.02.01/2005-06 dated April 18, 2006 enclosed to this circular.

3. The revision in the rates of interest would be applicable not only to fresh advances but also to the existing advances for the remaining period.

4. Please acknowledge receipt.

Yours faithfully,

(P. Vijaya Bhaskar)
Chief General Manager

April 18, 2006

Interest Rates on Export Credit in Foreign Currency

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 April 18, 2006, the interest rates on export credit in foreign currency would be as indicated in the Annex enclosed to this Directive.

**(Anand Sinha)
Executive Director**

Annexure

Schedule of Interest Rates on Export Credit in Foreign Currency of scheduled commercial banks effective from April 18, 2006

	Interest rates (per annum)
1. <u>Pre-shipment Credit</u>	
(a) Upto 180 days	Not exceeding 100 basis points over LIBOR/EURO LIBOR/EURIBOR
(b) Beyond 180 days and upto 360 days	Rate for initial period of 180 days prevailing at the time of extension plus 200 basis points
2. <u>Post-shipment Credit</u>	
(a) On demand bills for transit period (as specified by FEDAI)	Not exceeding 100 basis points over LIBOR/EURO LIBOR/EURIBOR
(b) Usance bills (for total period comprising usance period of export bills, transit period as specified by FEDAI and grace period wherever applicable) Upto 6 months from the date of shipment	Not exceeding 100 basis points over LIBOR/EURO LIBOR/EURIBOR
(c) Export bills (demand or usance) realised after due date but upto date of crystallisation	Rate for 2(b) above plus 200 basis points
3. <u>Export Credit Not Otherwise Specified (ECNOS)</u>	
(a) Pre-shipment credit	Free @
(b) Post-shipment credit	Free @

@ Banks are free to decide the rate of interest being rupee credit rate keeping in view the PLR and spread guidelines.