

**RBI/2005-06/373**  
**RPCD.CO.RF.BC.No 77/07.38.01/2005-06**

April 21, 2006

The Managing Director  
Maharashtra State Co-operative Bank Ltd.  
9, Nagindas Master Road Extension, Fort  
Mumbai-1

Dear Sir,

**Interest Rate on Export Credit in Foreign Currency**

Please refer to paragraph 113 of the Annual Policy Statement for the year 2006-07, announced on April 18, 2006 (extract of paragraph 113 enclosed) 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 effect from April 18, 2006. 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 enclosed directive RPCD.RF.DIR 77A/ 07.38.01/2005-06 dated April 21, 2006.
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,

**(C.S.Murthy)**  
**Chief General Manager In-Charge**

Encl: As above

**Paragraph 113 of Annual Policy Statement for the year 2006-07:**

**(e) Interest Rate on Export Credit in Foreign Currency:  
Increase in Ceiling**

113. At present, exporters can avail of pre-shipment and post-shipment credit in foreign currency at interest rate within a ceiling of LIBOR plus 75 basis points. On the basis of the recommendations of the Working Group to Review Export Credit, it is proposed:

- to increase the ceiling interest rate on export credit in foreign currency by 25 basis points to LIBOR plus 100 basis points from LIBOR plus 75 basis points with immediate effect.

April 21, 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, (As Applicable to Co-operative Societies), 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.

**(V.S.Das)**  
**Executive Director**

**Annex**

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

|   |  | Interest rates<br>(per annum)   |
|---|--|---|
| 1.  | <b><u>Pre-shipment Credit</u></b>  |   |
|   | (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.  | <b><u>Post-shipment Credit</u></b>   |   |
|   | (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)<br>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.  | <b><u>Export Credit Not Otherwise Specified (ECNOS)</u></b>  |   |
|   | (a) Pre-shipment credit  | Free @  |
|   | (b) Post-shipment credit   | Free @  |
| <p>@ Banks are free to decide the rate of interest being rupee credit rate keeping in view the PLR and spread guidelines.</p> |  |   |