

RBI/2007-08/166
Ref.No.MPD.BC.295 /07.01.279 / 2007-08

October 25, 2007
Kartika 3, 1929 (S)

To,
All Scheduled Commercial Banks

Dear Sir/Madam,

Interest Rate Ceiling on Rupee Export Credit

Please refer to our circular No.MPD.BC.291/07.01.279/ dated April 12, 2007 in terms of which the ceiling on interest rates on pre-shipment rupee export credit up to 180 days and post-shipment rupee export credit up to 90 days has been stipulated at BPLR minus 2.5 per cent, valid up to October 31, 2007.

2. It has been decided to extend the validity of the above dispensation up to April 30, 2008 (Annex).

3. Moreover, banks would continue to charge interest rates not exceeding BPLR minus 4.5 percentage points on pre-shipment credit up to 180 days and post shipment credit up to 90 days on the outstanding amount for the period April 1, 2007 to March 31, 2008 to the categories of exporters as mentioned in circulars DBOD.Dir.(Exp).BC.No.22 / 04.02.01 / 2007-08 and DBOD.Dir.(Exp).BC.No.34B / 04.02.01 / 2007-08 issued by the Reserve Bank on July 13, 2007 and October 6, 2007 respectively.

4. Kindly acknowledge receipt.

Yours faithfully,

(M.D.Patra)
Adviser-in-Charge

Annex

Category	With effect from November 1, 2007 (up to April 30, 2008)
Pre-shipment Rupee Export Credit Up to 180 days	Not exceeding BPLR minus 2.5 percentage points.
Post-shipment Rupee Export Credit (a) On demand bills for transit period (as specified by FEDAUl) (b) Usance bills up to 90 days	Not exceeding BPLR minus 2.5 percentage points Not exceeding BPLR minus 2.5 percentage points.

BPLR : Benchmark Prime Lending Rate.

Note : 1. Since these are ceiling rates, banks would be free to charge any rate below the ceiling rates.

2. Interest rates for the above-mentioned categories beyond the tenors as prescribed above are free