

November 30, 2007

All Scheduled Commercial Banks
(excluding RRBs)

Dear Sirs,

Rupee Export Credit Interest Rates

Please refer to our circulars DBOD. Dir.(Exp.)No.22 & 34 B/04.02.01/2007-08 dated July 13 and October 6, 2007 respectively on the captioned subject regarding provision of interest subvention of 2 percentage points p.a. to all scheduled commercial banks in respect of rupee export credit to the specified categories of exporters, with effect from April 01, 2007 up to March 31, 2008.

2. It has been decided to extend additional subvention of 2 per cent (in addition to the 2 per cent already offered earlier) in pre-shipment and post-shipment credit to the following sectors:

- (a) Leather and Leather manufactures
- (b) Marine products
- (c) All categories of textiles under the existing scheme including RMG and carpets but excluding man-made fibre; and
- (d) Handicrafts

3. Banks will therefore now charge interest rates not exceeding BPLR minus 6.5 per cent on pre-shipment credit up to 180 days and post-shipment credit up to 90 days on the outstanding amount in respect of the above mentioned sectors. However, the total subvention will be subject to the condition that the interest rate, after subvention will not fall below 7 per cent which is the rate applicable to the agriculture sector under priority sector lending.

4. The above dispensation is valid from November 1,2007 to March 31,2008.

5. Terms of Credit : 180 days for pre-shipment and 90 days for post-shipment excepting carpet sector for which the term would be 270 days for pre-shipment and 90 days (like other sectors) for post-shipment.

6. A directive No. DBOD. Dir.(Exp).BC.No.53/04.02.01/2007-08 dated November 30, 2007 issued in this regard is enclosed.

7. Other instructions contained in our circulars dated July 13, 2007 and October 6, 2007 on the captioned subject remain unchanged.

Yours faithfully,

(P.Vijaya Bhaskar)
Chief General Manager

November 30, 2007

Interest Rates on Advances

In exercise of the powers conferred by Sections 21 and 35 A 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, in partial modification of directives DBOD .Dir.(Exp).BC.No.21 & 35A/04.02.01/2007-08 dated July 13, and October 6, 2007, respectively hereby directs that additional subvention of 2 per cent (in addition to the 2 per cent already offered earlier) in pre-shipment and post-shipment credit would be applicable to the following sectors:

- (a) Leather and Leather manufactures
- (b) Marine products
- (c) All categories of textiles under the existing scheme including RMG and carpets but excluding man-made fibre; and
- (d) Handicrafts

2.. Banks will therefore now charge interest rates not exceeding BPLR minus 6.5 per cent on pre-shipment credit up to 180 days and post-shipment credit up to 90 days on the outstanding amount in respect of the above mentioned sectors. However, the total subvention will be subject to the condition that the interest rate, after subvention will not fall below 7 per cent which is the rate applicable to the agriculture sector under priority sector lending.

3.. The above dispensation is valid from November 1,2007 to March 31,2008.

4. Terms of Credit : 180 days for pre-shipment and 90 days for post-shipment excepting carpet sector for which the term would be 270 days for pre-shipment and 90 days (like other sectors) for post-shipment.

5.. Other instructions contained in the directives dated July 13, 2007 and October 6, 2007 on the captioned subject remain unchanged.

(Anand Sinha)
Executive Director