

November 07, 2008

**All Scheduled Commercial Banks  
(excluding RRBs)**

Dear Sir,

**Rupee Export Credit Interest Rates Subvention**

Please refer to our circulars DBOD. Dir.(Exp.)Nos. 22, 34B, 54, 73 and 28/04.02.01/ 2007-08/2008-09 dated July 13, October 6, November 30, 2007, April 25 and August 1, 2008 respectively to all Scheduled Commercial Banks regarding Rupee Export Credit Interest Rates subvention to the specified categories of exporters, with effect from April 01, 2007 up to September 30, 2008.

2. The banks and exporters' organizations have sought clarifications, inter alia, as to the eligibility of subvention either of 2 per cent or 4 per cent, in the context of variable Benchmark Prime Lending Rates (BPLR) leading to variable interest rates charged to the exporters by individual banks. The issue was examined in consultation with the Government and the clarifications are given in the Annex. The banks may verify the subvention claims submitted by them to RBI and if need be, recast them and confirm that the claims made are in conformity with the guidelines and the clarifications provided hereto. In case there is no change in the claims submitted earlier, banks may confirm the position to RBI.

Yours faithfully,

**(P.Vijaya Bhaskar)**  
Chief General Manager

Withdrawn w.e.f May 13, 2022

| Sl.No. | Issue raised by banks  | Clarification  |
|--------|--|--|
| 1.     | Clarification sought regarding applicability of subvention of 2 per cent where certain banks were already granting export credit at BPLR less 4.5 per cent or more.  | It is clarified that the 2 per cent interest subvention and the 4 per cent subvention as specified by the RBI Circulars for exports from certain sectors shall be applied subject to a floor cap of 7 per cent. It must be ensured that the banks pass on the benefit of this 2 per cent or 4 per cent interest subvention completely to the eligible exporters. |
| 2.     | Clarification sought regarding the effective date for the additional sectors announced by the RBI on October 6, 2007.  | With reference to the RBI circular dated October 6, 2007 in this regard, it is clarified that the Rupee Export Credit Interest Subvention shall become applicable to the additional sectors as defined in the RBI circular dated October 6, 2007 from the date of issue of the circular.   |
| 3.     | It was mentioned in the RBI Circular dated November 30, 2007 that interest rate after subvention will not fall below 7 per cent, which is the rate applicable to agriculture sector. Clarification was sought as to whether the banks are eligible for subvention for the period before issue of circular if the interest rates after subvention falls below 7 per cent and also whether floor rate is applicable to all the sectors mentioned in circulars dated July 13 and October 6, 2007. | In this regard it is clarified that banks are eligible to claim subvention so long as the rate of interest on rupee credit for exports after subvention does not fall below 7 per cent, this floor rate is also applicable for the specified sectors mentioned in the RBI Circulars dated July 13, 2007 and October 6, 2007.                                     |