

December 16, 2008

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

Dear Sirs,

Rupee Export Credit Interest Rates

The Government of India has decided to extend Interest Subvention of 2 percentage points w.e.f. December 1, 2008 till March 31, 2009 on pre and post shipment rupee export credit, for certain employment oriented export sectors as under:

- (i) Textiles (including Handloom)
- (ii) Handicrafts
- (iii) Carpets
- (iv) Leather
- (v) Gems and Jewellery
- (vi) Marine Products, and
- (vii) Small & Medium Enterprises (as defined in the Annex)

2. As per the existing guidelines, banks charge interest rate not exceeding BPLR minus 2.5 percentage points on rupee pre-shipment credit up to 270 days and post-shipment credit up to 180 days. Banks will now charge interest rate not exceeding BPLR minus 4.5 percentage points on pre-shipment credit up to 270 days and post-shipment credit up to 180 days on the outstanding amount for the period December 1, 2008 to March 31, 2009 to 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. The banks may ensure that the benefit of the 2 per cent interest subvention is passed on completely to the eligible exporters.

3. A directive No. DBOD.Dir.(Exp).BC.No.100 /04.02.01/2008-09 dated December 16, 2008 issued in this regard is enclosed.

4. In respect of other categories of exporters, the provisions of the circulars dated November 15, 2008 and November 28, 2008, would continue to apply.

5. The procedure for claiming subvention is as follows:

- i) The amount of subvention would be reimbursed on the basis of claim submitted as at March 31, 2009 in the format enclosed.
- ii) The amount of subvention will be calculated on the amount of export credit from the date of disbursement up to the date of repayment or up to the date beyond which the outstanding export credit becomes overdue i.e. for pre-shipment credit up to 270 days and post-shipment credit up to 180 days, whichever is earlier.
- iii) The claims should be accompanied by an Auditor's Certificate certifying that the claims for subvention of Rs.....for the period December 1, 2008 to March 31, 2009, as true and correct. Settlement of the claim will be done only on receipt of this certificate.

- iv) Claims may be submitted to the Chief General Manager, Department of Banking Operations and Development, Reserve Bank of India, Central Office, World Trade Centre, Mumbai-400 005.

Yours faithfully,

(P.Vijaya Bhaskar)
Chief General Manager

Withdrawn w.e.f May 13, 2022

December 16, 2008

Interest Rates on Rupee Export Credit

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, hereby directs that, with effect from December 1, 2008 to March 31, 2009 the interest rates on pre and post shipment credit to the specified export sectors mentioned below would be as indicated below.

As per the existing guidelines, banks charge interest rates not exceeding BPLR minus 2.5% on pre-shipment credit up to 270 days and post-shipment credit up to 180 days. Banks will now charge interest rates not exceeding BPLR minus 4.5% on pre-shipment credit up to 270 days and post-shipment credit up to 180 days on the outstanding amount for the period December 1, 2008 to March 31, 2009 to the exporters in the sectors mentioned below.

- (i) Textiles (including Handloom)
- (ii) Handicrafts
- (iii) Carpets
- (iv) Leather
- (v) Gems and Jewellery
- (vi) Marine Products, and
- (vii) Small & Medium Enterprises (as defined in the Annex)

In respect of other categories of exporters, the provisions of the circulars dated November 15, 2008 and November 28, 2008, would continue to apply.

(Anand Sinha)
Executive Director

Withdrawn w.e.f. May 13, 2022

Rupee Export Credit for the period from December 1, 2008 to March 31, 2009

Category of Exporters	Total Rupee export credit granted at BPLR minus 4.5%	Amount of Subvention Claimed
(1)	(2)	(3)
(i) Textiles (including Handloom) (ii) Handicrafts (iii) Carpets (iv) Leather (v) Gems and Jewellery (vi) Marine Products, and (vii) Small & Medium Enterprises (as defined in the Annex)		
Total		

NB : Amount of subvention should be rounded off to the nearest rupee.

We certify having disbursed the above loans at BPLR minus 4.5% p.a. by way of Rupee export credit to the eligible exporters as stated in the RBI circular No.DBOD.Dir.(Exp).BC.No. 101 /04.02.01/2008-09 dated December 16, 2007 during the period December 1, 2008 to March 31, 2009.

Dated : _____

Authorised Signatory

Withdrawn w.e.f May 13, 2022

Definition of SME

Enterprises engaged in the **manufacture or production, processing or preservation of goods** as specified below:

i) A **micro enterprise** is an enterprise where investment in plant and machinery (original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No.S.O.1722(E) dated October 5, 2006 does not exceed Rs.25 lakh;

ii) A **small enterprise** is an enterprise where the investment in plant and machinery (original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No. S.O.1722(E) dated October 5, 2006) is more than Rs.25 lakh but does not exceed Rs.5 crore; and

iii) A **medium enterprise** is an enterprise where the investment in plant and machinery (original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No. S.O.1722(E) dated October 5, 2006) is more than Rs.5 crore but does not exceed Rs.10 crore.

Withdrawn w.e.f May 13, 2022