

## **Export Credit - Interest Rates**

IECD.No. 6 /04.02.01/99-2000

October 29, 1999

The Chairmen/Chief Executives of  
all commercial banks

Dear Sir,

### **Export Credit - Interest Rates**

Please refer to our Circular IECD.No.26/04.02.01/97-98 dated December 17, 1997 read with circular IECD No.32/04.02.01/97-98 dated December 31, 1997 in terms of which the higher rate of interest of 20 per cent per annum (minimum) was prescribed for "Export Credit Not Otherwise Specified(ECNOS)" at post-shipment stage. It has now been decided (c.f. para 36(iv) of the statement on "Mid-Term Review of Monetary and Credit Policy for the year 1999-2000 enclosed to Governor's letter No.MPD.BC/190/07.01.279/99-2000 dated October 29, 1999) to withdraw this stipulation and give freedom to banks to decide the rate of interest on their own. Accordingly, effective from October 29, 1999 banks will have the freedom to decide the appropriate rate of interest in respect of the category of "Export Credit Not Otherwise Specified" at post-shipment stage. However, the present procedure for ensuring that there is no deliberate attempt to delay repatriation of export receipts will remain in force. The revised rate is indicated in the Appendix to the Annexure.

2. Consequently, the rate of interest applicable in respect of the category of "Export Credit Not Otherwise Specified" indicated against item No.3(b) of Annexure to our Circular IECD.No.2/04.02.01/1999-2000 dated August 16, 1999 has also been freed.
3. The revision in the rate of interest as above with effect from October 29, 1999, will be applicable not only for fresh advances but also to the existing advances for the remaining period.
4. A copy of the Directive DBOD.No.BC/105/13.07.01/99 dated October 29, 1999 containing the changes made in the interest rate on rupee export credit as indicated above, is enclosed.
5. In view of the above the words "20.00 (minimum)" stated at item 4(b) of Annexure II to Paragraph 13A-III(5)(1) in the Manual of Instructions issued by RBI (DBOD, DBS and IECD ) may please be corrected to read as "free".

Yours faithfully,

(V.G.Damle)  
Chief General Manager

**Encls: as above**

Annexure

Telegrams :  
"BANKCHALAN"  
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Post Box No.6089

RESERVE BANK OF INDIA  
CENTRAL OFFICE  
DEPARTMENT OF BANKING OPERATIONS & DEVELOPMENT  
CENTRE 1, WORLD TRADE CENTRE,  
CUFFE PARADE, COLABA,  
MUMBAI-400 005.

DIRECTIVE DBOD No.BC/105/13.07.01/99

October 29, 1999

Interest rates on Advance

In exercise of the powers conferred by Sections 21 and 35A 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 October 29, 1999 the interest rate on rupee export credit indicated against item No.4(b) in Annexure to its Directive DBOD.No.Dir.BC.19/13.07.01/ 99 dated March 3, 1999 be changed as given in the Appendix.

(G.P.Muniappan)  
Executive Director

Encls. : As above.

		<u>Appendix</u>	
		<u>Rate of Interest (per cent per annum)</u>	
		Existing	New
		<u>(Effective October 29, 1999)</u>	
4	<u>EXPORT CREDIT NOT OTHERWISE SPECIFIED</u>		
	(b) Post-shipment credit	20.00 (minimum)	Free@

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@Free - The banks are free to decide the rate of interest to be charged.