

**Consignment Exports to Russian Federation
against repayment of State Credits - Interest
Rates on Post-shipment Credit_in Rupees.**

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The Chairmen/Chief Executives of all commercial banks

Dear Sir,

Consignment Exports to Russian Federation
against repayment of State Credits - Interest
Rates on Post-shipment Credit_in Rupees.

As you are aware, in terms of Rule 8 of Foreign Exchange Regulation Rules, 1974 the amount representing the full export value of goods exported must be realised by an exporter on the due date for payment or within six months from the date of shipment, whichever is earlier. It has been decided by Reserve Bank of India (Exchange Control Department) to allow Export Houses/Trading Houses/ Star Trading Houses/Super Star Trading Houses with good track record, on application by them, a longer period of upto 360 days from date of shipment for realisation of proceeds of export of certain goods as allowed by our Exchange Control Department from time to time as per the A.D. (G.P.Series) circulars, to the Russian Federation on consignment basis against repayment of State Credits. In this connection A.D. (G.P. Series) Circular No.5 dated May 31, 1999 may be seen for procedural details.

2. In view of longer period of realisation permitted, ab-initio, for these goods it has been decided to rationalise the interest rates on the post-shipment credit granted for export of these goods on consignment basis to Russian Federation against repayment of State Credits. Accordingly, in respect of post-shipment credit extended to such exports the interest rate applicable will be as under :

<u>Period of Post-shipment Credit</u>	<u>Rate of Interest</u>
a) Upto 90 days from date of advance	The rate applicable for post-shipment credit, for usance bills, for period upto 90 days (at present not exceeding 10% per annum).
b) Beyond 90 days and upto 360 days from date of shipment.	The rate applicable for post-shipment credit, for usance bills, for the period beyond 90 days and upto six months, from the date of shipment (at present 12% per annum).

3. It is expected that sale proceeds of goods exported on consignment basis to the Russian Federation would be realised within the permitted period of upto 360 days and post-shipment credit liquidated. In case, however, this does not happen, the higher rate of interest as applicable for bills under exports realised beyond 6 months from the date of shipment i.e. the rate applicable to "Export Credit Not Otherwise Specified" (ECNOS) at post-shipment stage will apply for the entire period beyond 6 months. Banks are free to decide with effect from 29th October 1999 the appropriate rate of interest for ECNOS at post shipment stage subject to extant PLR and spread guidelines.

4. The above instructions will come into force with immediate effect. These changes are applicable only to post-shipment credit against exports on consignment basis to the Russian Federation where extension of time for realisation beyond 6 months from the date of export has been permitted by RBI (Exchange Control Department) before shipment is made. There is no change in the rates of interest on pre-shipment credit.

5. Please note that the refinance to banks against export credit would, however, be available from RBI upto a period of 180 days only each at pre-shipment and post-shipment stages.

Please acknowledge receipt.

Yours faithfully,

(S.S. Gangopadhyay)
Chief General Manager

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