

RBI/2004/203

IECD No. 12 /04.02.02/Gold Card/2003-04

May 18, 2004

All Scheduled Commercial Banks

Dear Sir,

**Gold Card Scheme for exporters**

As you are aware, the Ministry of Commerce and Industry had indicated in the Exim Policy 2003-04 dated January 28, 2004 that a Gold Card Scheme would be worked out by RBI for credit worthy exporters with good track record for easy availability of export credit on best terms.

Accordingly, as stated in paragraph No. 92 of the Annual Policy Statement for the year 2004-05 dated May 18, 2004, a Gold Card Scheme has been drawn up by RBI in consultation with select banks and exporters. A copy of the Scheme is enclosed.

2. All credit worthy exporters, including those in small and medium sectors with good track record will be eligible for issue of Gold Card as per the criteria to be laid down by the individual banks. Banks should clearly specify the benefits they would be offering to the Gold Card holders.

3. The data relating to export credit granted under the Gold Card Scheme may be furnished to us as additional information in the quarterly statement in Form C regarding export credit disbursement and balances outstanding as on the last reporting Friday of each quarter beginning with the quarter ending June 2004 (revised format enclosed).

Please acknowledge receipt.

Yours faithfully,

(Smt. R.K.Makhija)  
Chief General Manager

Encl: 5 sheets

## **Gold Card Scheme for Exporters**

### **Preamble**

Exports play a crucial role in a developing economy like India which attaches considerable importance to export promotion. As a part of the overall strategy of export promotion measures, the Reserve Bank of India has taken various steps to ensure expeditious and timely provision of financial assistance to the export sector at competitive rates of interest and remove procedural hassles. With a view to further simplifying access to bank credit by exporters especially small and medium exporters and make it borrower friendly in terms of procedure and credit terms, the **Minister for Commerce & Industry had proposed issuance of a Gold Card to creditworthy exporters with good track record for easy availability of export credit on best terms (vide Exim Policy 2003-04)**. Accordingly, a Gold Card Scheme (Scheme) has been worked out in consultation with select banks and exporters. The Scheme envisages certain additional benefits based on the record of performance of the exporters. The Gold Card holder would enjoy simpler and more efficient credit delivery mechanism in recognition of his good track record.

### **Customer Service, Simplification of Procedures for Delivery of Export Credit and Reporting Requirements**

1.1.2 The Government (Ministry of Commerce and Industry), in consultation with RBI had indicated in the Exim Policy 2003-04 that a Gold Card Scheme would be worked out by RBI for creditworthy exporters with good track record for easy availability of export credit on best terms. Accordingly, in consultation with select banks and exporters, a Gold Card Scheme has been drawn up. The salient features of the Scheme are: (i) all creditworthy exporters, including those in small and medium sectors with good track record would be eligible for issue of Gold Card by individual banks as per the criteria to be laid down by the latter; (ii) banks would clearly specify the benefits they would be offering to Gold Card holders; (iii) requests from card holders would be processed quickly by banks within 25 days / 15 days and 7 days for fresh applications / renewal of limits and adhoc limits , respectively; (iv) 'in-principle' limits would be set for a period of 3

years with a provision for stand-by limit of 20 per cent to meet urgent credit needs; (v) card holders would be given preference in the matter of granting of packing credit in foreign currency; (vi) banks would consider waiver of collaterals and exemption from ECGC guarantee schemes on the basis of card holder's creditworthiness and track record, and (vii) The concessive rate of interest on post-shipment rupee export credit applicable upto 90 days may be extended for a maximum period upto 365 days .

## **2. Objectives of the Scheme**

- 2.1 Gold Card holder exporters, depending on their track record and credit worthiness, will be granted better terms of credit including rates of interest than those extended to other exporters by the banks.
  - 2.2 Applications for credit will be processed at norms simpler and under a process faster than for other exporters.
  - 2.3 The 'in-principle' limits will be sanctioned for a period of 3 years with a provision for automatic renewal subject to fulfilment of the terms and conditions of sanction.
  - 2.4 Gold Card holders will be given preference for grant of packing credit in foreign currency (PCFC).
  - 2.5 Gold card holders, on the basis of their track record of timely realisation of export bills, will be considered for issuance of foreign currency credit cards for meeting urgent payment obligations, etc.
  - 2.6 The charges schedule and fee-structure in respect of services provided by banks to exporters under the Scheme will be relatively lower than those provided to other exporters.
- 2-
- 2.7 Since the bonafides of the Gold Card holder is already established based on credit worthiness and track record, the norms in respect of security and collaterals may be relaxed while granting export credit under the Gold Card Scheme.
  - 2.8 The banks may consider any other facility/benefit to the exporters subject to the fulfilment of extant rules and regulations applicable to export finance.

### **3. Features of the Scheme**

#### **3.1 Eligibility**

- 3.1.1 All credit worthy exporters with good track record in the opinion of the individual financing bank will be eligible.
- 3.1.2 Exporters whose accounts have been classified as 'Standard' continuously for a period of three years and there are no irregularities / adverse features in the conduct of the accounts may be considered as having good track record.
- 3.1.3 The scheme may not be applicable to those exporters who are blacklisted by ECGC or included in RBI's defaulter's list/ caution list or making losses for the past 3 years or having overdue export bills in excess of 10 per cent of the current year's turnover.
- 3.1.4 A Gold Card under the Scheme may be issued to all eligible exporters including those in the small and medium sectors who satisfy the laid down conditions.

#### **3.2 Fixation of Credit Limit**

- 3.2.1 The sanction and renewal of the limits under the Scheme will be based on a simplified procedure to be decided by the banks. Taking into account the anticipated export turnover and track record of the exporter the banks may determine need-based finance with a liberal approach. The 'in-principle' limits will be sanctioned for a period of 3 years with a provision for automatic renewal subject to fulfilment of the terms and conditions of sanction.
- 3.2.2 Based on a transparent rating mechanism, the terms and conditions of credit including the rate of interest may be decided by banks with a softer bias towards Gold Card holders.
- 3.2.3 Banks may ensure that the PCFC requirements of the Gold Card holders are met by giving them priority over non-export borrowers with regard to granting loans against FCNR(B) funds etc.
- 3.2.4 Banks will consider granting term loans in foreign currency in deserving cases out of their FCNR(B), RFC, etc. funds. (Banks may not grant such loans from their overseas borrowings under the 25 per cent window or overseas lines of credit.)
- 3.2.5 The time frame for disposal of applications received for sanction of credit under the scheme may be stipulated by the banks as follows :

For disposal of fresh applications

25 days

Renewal of limits	15 days
Sanction of ad hoc limits	07 days

- 3.2.6 A stand-by limit of not less than 20 per cent of the assessed limit may be additionally made available to facilitate urgent credit needs for executing sudden orders. In the case of exporters of seasonal commodities, the peak and off-peak levels may be appropriately specified.
- 3.2.7 The format for application for export credit limits should be suitably rationalised and simplified to capture only those particulars which are relevant for sanctioning export credit. A simplified application form for working capital credit facilities devised by IBA may be adopted by banks with suitable modifications for export credit under the Gold Card scheme.
- 3.2.8 In case of unanticipated export orders, norms for inventory may be relaxed, taking into account the size and nature of the export order.
- 3.2.9 The exporter's record of performance will be reviewed periodically with a view to pass on the benefit of better terms and conditions including rate of interest for better performance.

### **3.3 Rate of Interest**

- 3.3.1 The applicable rate of interest to be charged under the Gold Card Scheme will not be more than the general rate for export credit in the respective bank and within the ceiling prescribed by RBI. In keeping with the spirit of the Scheme banks will endeavour to provide the best rates possible to Gold Card holders on the basis of their rating and past performance.
- 3.3.2 In respect of the Gold Card holders , the concessive rate of interest on post-shipment rupee export credit applicable upto 90 days may be extended for a maximum period upto 365 days.

### **3.4 Service Charges / ECGC Premium**

- 3.4.1 The charges schedule and fee-structure in respect of services provided by banks to exporters under the Scheme will be relatively lower than those provided to other exporters.
- 3.4.2 The credit to Indian exporters should be at rates of interest not exceeding LIBOR + 0.75 per cent. In case sufficient dollars are not available with the bank to lend to the exporters at a particular time, service charge at flat rate of 0.1 per cent may be charged by the bank on the inter-bank foreign currency borrowings for the purpose .
- 3.4.3 Gold Card holders, in view of their credit worthiness, may be considered by banks for exemption from ECGC guarantee under the Packing Credit

Guarantee-Sectoral scheme of ECGC in deserving cases at their discretion.

### **3.5 Tenure**

3.5.1 The Gold card will be issued for a period of 3 years and will be automatically renewed for a further period of three years unless there are adverse features/ irregularities in the account. In case of any misuse of the card or observance of any violation of the terms and conditions, the banks will have the right to recall the Card any time.

### **3.6 Additional Facilities**

3.6.1 The facility of further value addition to their cards through supplementary services like ATM, Internet banking, International debit/ credit cards may be decided by the issuing banks.

3.6.2 Each bank should clearly lay down the benefits it proposes to offer to Gold Card holders and place the same on its website for wider dissemination of the information.

### **Export Credit In Foreign Currency**

4.1 Gold Card holders will be given preference for grant of packing credit in foreign currency (PCFC).

4.2 Gold card holders, on the basis of their track record of timely realisation of export bills, will be considered for issuance of foreign currency credit cards for meeting urgent payment obligations, etc.

4.3 Banks may ensure that the PCFC requirements of the Gold Card holders are met by giving them priority over non-export borrowers with regard to granting loans against FCNR(B) funds etc.

4.4 Banks will consider granting term loans in foreign currency in deserving cases out of their FCNR(B), RFC, etc. funds. (Banks may not grant such loans from their overseas borrowings under the 25 per cent window or overseas lines of credit.)

4.5 The credit to Indian exporters should be at rates of interest not exceeding LIBOR + 0.75 per cent. In case sufficient dollars are not available with the bank to lend to the exporters at a particular time, service charge at flat rate

of 0.1 per cent may be charged by the bank on the inter-bank foreign currency borrowings for the purpose .

- 6.1 The applicable rate of interest to be charged under the Gold Card Scheme will not be more than the general rate for export credit in the respective bank and within the ceiling prescribed by RBI. In keeping with the spirit of the Scheme banks will endeavour to provide the best rates possible to Gold Card holders on the basis of their rating and past performance.
- 6.2 In respect of the Gold Card holders , the concessive rate of interest on post-shipment rupee export credit applicable upto 90 days may be extended for a maximum period upto 365 days.
- 6.3 The charges schedule and fee-structure in respect of services provided by banks to exporters under the Scheme will be relatively lower than those provided to other exporters.





Industrial and Export Credit Department  
Export Finance Division

Gold Card Scheme for exporters and Interest rate  
applicable Under the Scheme – Issue of Circulars

A floppy containing the following Circular / Directive, as listed below, is forwarded herewith to Press Relations Division (PRD) for making them available on the Bank's website. The hard copy is also enclosed.

1. IECD No 12/ 04.02.02/2003-04	18.5.2004	Gold Card Scheme for Exporters
2. IECD No 13/ 04.02.01/2003-04	18.5.2004	Rupee Export Credit Interest Rates for Gold Card holder Exporters
3. IECD No 10/ 04.02.01/2003-04	24.4.2004	Rupee Export Credit Interest Rates

Assistant General Manager  
May 27, 2004

CGM,PRD,RBI,CO,Mumbai

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CGM,IECD,RBI,CO,Mumbai U.O.Note IECD.No. /04.02.02/2003-04 of date.