



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2009-10/426
DBOD.Dir.(Exp).BC.No.94/04.02.001/2009-10

April 23, 2010

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

Dear Sir / Madam,

Rupee Export Credit Interest Rates

Please refer to our circular [DBOD.Dir.\(Exp\).BC.No.26 /04.02.001/2009-10](#) dated July 31, 2009. In this connection, the Government of India has decided to extend Interest Subvention of 2 percentage points w.e.f. April 1, 2010 to March 31, 2011 on pre and post shipment rupee credit, for certain employment oriented export sectors as under:

- i. Handicrafts
- ii. Carpets
- iii. Handlooms
- iv. Small & Medium Enterprises (SME) (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 April 1, 2010 to March 31, 2011 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.93/04.02.01/2009-10 dated April 23, 2010 issued in this regard is enclosed.

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4. In respect of other categories of exporters, the provisions of the circular [DBOD.Dir.\(Exp\).BC.No.54/04.02.001/2009-10](#) dated October 29, 2009, 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 the end of respective quarters in the format enclosed.
- ii) The amount of subvention will be calculated on the amount of export credit from the date of disbursement
 - a. up to the date of repayment; or
 - b. up to the date beyond which the outstanding export credit becomes overdue; or
 - c. 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 External Auditor's Certificate certifying that the claims for subvention of Rs.....for the respective quarter is true and correct. Settlement of the claim will be done only on receipt of this certificate.
- iv) Claims may be submitted in the enclosed format to the Chief General Manager-in-Charge, 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-in-Charge

Encl: as above

Rupee Export Credit for the period from April 1, 2010 to March 31, 2011

Claim for the quarter ended.....

Category of Exporters	Total Rupee export credit granted at interest rates not exceeding BPLR minus 4.5%	Amount of subvention claimed (rounded off to the nearest rupee)
(1)	(2)	(3)
(i) Handicrafts (ii) Carpets (iii) Handlooms (iv) Small & Medium Enterprises (SME)*		
Total		

*As defined in the Annex.

We certify having charged interest rates on the above loans within the ceiling of 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.94/04.02.001/2009-10 dated April 22, 2010 during the period to

Dated : _____

(Name and stamp of
Authorised Signatory)

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



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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 April 1, 2010 to March 31, 2011 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 April 1, 2010 to March 31, 2011 to the exporters in the sectors mentioned below.

- (i) Handicrafts
- (ii) Carpets
- (iii) Handlooms
- (iv) Small & Medium Enterprises (SME) (as defined in the Annex)

In respect of other categories of exporters, the provisions of the circular DBOD.Dir.(Exp).BC.No.54/04.02.001/2009-10 dated October 29, 2009 would continue to apply.

(Anand Sinha)
Executive Director