



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2008-09/505

UBD.PCB.Cir.No. 3 /13.05.000/2008-09

June 18, 2009

Chief Executive Officer
Primary (Urban) Cooperative Banks
(Scheduled banks holding AD Category I licences)

Dear Sirs,

Rupee Export Credit Interest Rates

The Government of India has decided to extend Interest Subvention of 2 percentage points w.e.f. June 01, 2009 till September 30, 2009 on pre and post shipment rupee export credit extended by scheduled UCBs holding AD category I licences, 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, UCBs are permitted to determine their own lending rates taking into account their cost of funds, transaction costs etc., with the approval of their Boards. In view of the interest subvention facility extended by the Government of India in respect of rupee pre-shipment credit up to 270 days and post-shipment credit up to 180 days extended for export sectors specified above (para 1), scheduled UCBs holding AD category I licences will now charge interest at 2 percentage points below the interest rates charged from exporters in other categories of export sectors for the same period, on the outstanding amount of credit for the period June 01, 2009 to September 30, 2009. However, the total subvention will be subject to the condition that the interest rate, after subvention will



not fall below 7 per cent. 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. UBD.BPD.Dir.(Exp).No. 1/13.05.000/2008-09 dated June 11, 2009 issued in this regard is enclosed.

4. The procedure for claiming subvention is as follows:

i) The amount of subvention would be reimbursed on the basis of claim submitted as at September 30, 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 the claims for subvention of Rs.....for the period June 01, 2009 to September 30, 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, Urban Banks Department, Reserve Bank of India, Central Office, Garment House, Worli, Mumbai-400 018.

Yours faithfully,

(A.K. Khound)
Chief General Manager-in-charge

Urban Banks Department, Central Office, Garment House, 1 Floor, Dr.A.B.Road, Worli, Mumbai - 400018, India
Phone: 022 - 2493 9930 - 49; Fax: 022 - 2497 4030 / 2492 0231; Email: rbiubdco@rbi.org.in



Interest Rates on Rupee Export Credit

In exercise of the powers conferred by Sections 21 and 35 A of the Banking Regulation Act, 1949 (AACS), 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 June 01, 2009 to September 30, 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, UCBs are permitted to determine their lending rates taking into account their cost of funds, transaction costs etc with the approval of their Boards. In view of the interest subvention facility extended by the Government of India in respect of rupee pre-shipment credit up to 270 days and post-shipment credit up to 180 days extended for export sectors specified below, scheduled UCBs holding AD category I licences will now charge interest at 2 percentage points below the interest rates charged from exporters in other categories of export sectors for the same period, on the outstanding amount of credit for the period June 01, 2009 to September 30, 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)

(V.K. Sharma)
Executive Director



Rupee Export Credit for the period from June 01, 2009 to September 30, 2009

(Pre-shipment export credit up to 270 days and post-shipment export credit up to 180 days)

Category of Exporters	Total Rupee export credit granted at 2% less than the rates charged for other categories of exporters	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 interest rates that are 2% below those charged for other categories of exporters by way of export credit to the eligible exporters as stated in the RBI circular No.UBD.PCB.Cir.No.3 /13.05.000/2008-09 dated June 18, 2009 during the period June 01, 2009 to September 30, 2009.

Dated : _____

Authorised Signatory



Annex

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.