

Interest Rate Surcharge on Import Finance

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The Chairman and Managing Director/
Chief Executives of all commercial banks

Dear Sir,

Interest Rate Surcharge on Import Finance

Please refer to our circular IECD.No.16/08.14.01/99-2000 dated May 25,2000, regarding the levy of interest rate surcharge on import finance. In terms of the instructions contained therein, the following categories of bank credit for imports are exempt from the levy of interest rate surcharge:

- (a) Export Packing Credit provided at concessive rate of interest to meet the cost of imported inputs.
- (b) Import of capital goods by bona fide borrower-importers under valid Licences issued under the Export Promotion Capital Goods Scheme (EPCG Scheme).
- (c) All bona fide imports including import of capital goods by Export-Oriented Units (EOUs) and units in the Export Processing Zones (EPZs).
- (d) All bona fide imports under Advance Licences granted for import of "Inputs" such as raw materials, intermediates, components, etc., by either the original holder or a transferee (if transferred under an endorsement of the Directorate General of Foreign Trade enabling such transfer).
- (e) All bona fide imports against the credit under the Duty Entitlement Pass Book (DEPB) Scheme contained in the EXIM Policy 1997-2002.

(f) Bulk Imports in respect of crude oil, petroleum products, fertilisers, edible oils and other essential commodities imported through Government Agencies, and

(g) Import of crude oil by private and joint sector refineries for actual use in their own refineries.

2. It has now been decided that, apart from the above mentioned categories of bank credit for import, bank finance for the following categories of export related imports covered under EXIM Policy 1997-2002(amended as on March 31,2000) will also be exempt from the levy of Interest Rate Surcharge with immediate effect.

i) All bona fide imports under Duty Free Replenishment Certificate (DFRC) Scheme, Gem Replenishment Licence and Diamond Imprest Licence.

ii) All bona fide imports including import of capital goods by units under Electronic Hardware Technology Park (EHTP), Software Technology Park (STP) and Special Economic Zone (SEZ) Schemes.

3. In view of the above, items i) and ii) mentioned under paragraph 2 above may be added to paragraph 13.B.1.7 of the Manual of Instructions issued by DBOD, DBS and IECD.

Yours faithfully,

-Sd-

(S.S.Gangopadhyay)
Chief General Manager