

Interest Rate Surcharge on Import Finance

Ref DBS.FID No.C 11 / 01.02.00 / 2000-2001

November 28, 2000

The Chairmen / Chief Executives of
All India Term Lending & Refinance Institutions

Dear Sir,

Interest Rate Surcharge on Import Finance

Please refer to our circular DBS.FID.No.18/01.02.00/1999-2000 dated 25th May 2000 regarding levy of interest rate surcharge on import finance. In terms of the instructions contained therein, the following categories of credit for imports are exempted 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 bonafide borrower-importers under valid Licences issued under the Export Promotion Capital Goods Scheme (EPCG Scheme).
- (c) All bonafide imports including import of capital goods by Export-Oriented Units (EOUs) and units in the Export Processing Zones (EPZs).
- (d) All bonafide 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 bonafide imports against the credit under the Duty Entitlement Pass Book (DEPB) Scheme contained in the EXIM Policy 1997-2000.
- (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 categories of credit for import mentioned above, finance for the following categories of export related imports covered under EXIM Policy 1997-2000 (amended as on March 31, 2000) will also be exempt from the levy of Interest Rate Surcharge with immediate effect.

- i) All bonafide imports under Duty Free Replenishment Certificate (DFRC) Scheme, Gem Replenishment Licence and Diamond Imprest Licence.
- ii) All bonafide 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. Please acknowledge receipt.

Yours faithfully,

(K.C. Bandyopadhyay)
Chief General Manager