

**RBI withdraws interest rate surcharge on
import finance and minimum interest rate
prescription on overdue export bills**

January 5, 2001

On a review of the current situation, the Reserve Bank of India, has decided to withdraw the interest rate surcharge on imports as also the prescribed minimum interest rate in respect of overdue export bills:

a) Withdrawal of Interest Rate Surcharge on Import Finance

The interest rate surcharge of 50 per cent on import finance, which has been in force since May 26, 2000 is being withdrawn with effect from January 6, 2001.

b) Interest Rate on Overdue Export Bills

Since May 26, 2000, banks are required to charge a minimum rate of 25 per cent interest on overdue export bills. This stipulation is also being withdrawn with effect from January 6, 2001 and banks will henceforth have the freedom to decide the appropriate rate of interest on overdue export bills. However, the present procedures for ensuring that there is no deliberate attempt to delay repatriation of export receipts will remain in force.

Detailed operating instructions/directives are being issued separately.

S. Ramachandran
Asstt. General Manager

Press Release : 2000-01/974