

	प्रेस प्रकाशनी PRESS RELEASE
प्रेस सम्पर्क प्रभाग, केंद्रीय कार्यालय, पोस्ट बॉक्स 406, मुंबई 400 001 फोन: 2266 0502 फैक्स: 2266 0358, 2270 3279	 भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA www.rbi.org.in www.rbi.org.in/hindi e-mail: helpd@rbi.org.in
PRESS RELATIONS DIVISION, Central Office, Post Box 406, Mumbai 400001 Phone: 2266 0502 Fax: 2266 0358, 2270 3279	

Dec 17, 1997

RBI announces two further measures in respect of Foreign Exchange Market

Reserve Bank of India has announced to-day two further measures in respect of foreign exchange market.

1. Until further notice, in respect of Overdue export bills, banks will charge, with effect from December 18, 1997, interest at 20 per cent per annum (minimum). Overdue export bills are those which are not realised within the due date, taking into account usance period of the bill, transit period, as specified by Foreign Exchange Dealers' Association of India (FEDAI) and grace period, wherever applicable. The higher rate of interest on Overdue export bills will apply from the date of advance.

The Reserve Bank has clarified that in the case of demand bills and short-term usance bills the higher rate of interest will not be applicable where the total period of credit including the period of Overdue is less than one month from the date of bill/negotiation.

The Reserve Bank has further stated that a large number of applications are received in its offices for permission for extension of time limit for realisation of export proceeds beyond due date. Unless there is a strong case for extension, Reserve Bank will not grant extension of time limit.

2. The Reserve Bank has further decided to introduce an Interest rate surcharge of 15 per cent of the lending rate (excluding interest tax) on bank credit for imports with effect from December 18, 1997, until further notice. The requirement of interest rate surcharge will, however, not be applicable in respect of bank credit for export-related imports i.e., export packing credit to meet the cost of imported inputs, import of capital goods under the Export Promotion Capital Goods Scheme (EPCG Scheme), exports by Export-oriented units (EOUs) and units in the Export Processing Zones (EPZs) and imports of 'inputs' under Advance Licences. Similarly, bulk imports in respect of crude oil, petroleum products, fertilisers, edible oils and other essential commodities imported through Government agencies will also be exempted from interest surcharge.

(Alpana Killawala)
General Manager

Press Release : 1997-98/515