



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2011-12/479

A. P. (DIR Series) Circular No. 100

March 30, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Trade Credits for Imports into India – Review of all-in-cost ceiling

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 44 dated November 15, 2011](#) relating to the all-in-cost ceiling of Trade Credits for imports into India.

2. Considering the developments in the global financial markets and the fact that domestic importers were experiencing difficulties in raising trade credit within the existing all-in-cost ceiling, the all-in-cost ceiling for trade credit was enhanced to 6 months Libor + 350 bps with effect from November 15, 2011 and was subject to review on March 31, 2012. On a review, it has been decided to continue with the enhanced all-in-cost ceiling for Trade Credits for a further period of six months as under:

Maturity Period	All-in-cost over 6 month LIBOR*	
Upto one year	350 bps	
More than one year and upto three years		

* for the respective currency of credit or applicable benchmark

The all-in-cost ceiling will include arranger fee, upfront fee, management fee, handling/ processing charges, out of pocket and legal expenses, if any.

3. The all-in-cost ceiling is applicable up to September 30, 2012 and subject to review thereafter. All other aspects of Trade Credit policy remain unchanged.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

5. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager

Related Press Release	
30 Mar 2012	Review of all-in-cost (AIC) on External Commercial Borrowings (ECB) and Trade Credit