

Annexure – 33

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE
IMPORT TRADE CONTROL**

PUBLIC NOTICE NO. 31-ITC(PN)/83

NEW DELHI:THE 10TH AUGUST 1983

Subject :Recovery of interest from Importers in respect of imports made under the direct payment procedure against foreign loans /credits/ grants -- revision of rate of interest.

Licensing conditions applicable to the import licences issued under foreign loans/ credits/ grants, contain a specific clause to the effect that the rupee value of the goods imported, calculated at the composite rate of exchange applicable to the date of transaction should be deposited to the account of the Government of India within 10 days from the date of receipt of the negotiable set of documents by the importer's bankers, in cases where direct payment/ commitment procedure is followed and the cost of goods imported and services are paid for directly out of the foreign loans/credits/ grants.

2. The Licensing conditions also provide that interest at the rate of 9% p.a. is recoverable where deposits are made within 30 days from the date of payment to the foreign suppliers and where the rupee deposits are made more than 30 days after the date of payment to the foreign supplier the interest shall be charged at the rate of 9% p.a for first 30 days and 15% p.a for period in excess of 30 days. These rates are effective from 15th June 1976 (vide public notice No. 46-ITC (PN)/76 dated 16th June 1976.)

3. It has come to notice that in very many cases rupee deposits are not being made to the account of the Government of India within the time stipulated in the licensing conditions and the delay in a number of cases is for long periods. It is imperative that importers and their bankers should strictly adhere to the instructions contained in the licensing conditions. Government are concerned at such delays in making rupee deposits by the importers.

4. As a measure to ensure compliance with the requirement that rupee deposits should be made within the prescribed period, it has been decided that interest should be recovered for the period from the date of payment to foreign suppliers to the date of rupee deposits to the Government account (both days inclusive) at the rates indicated below in respect of all deposits to be made on or after 1st September 1983.

Sl. No.	Category	Rates of interest
1.	Cases where deposits are within 30 days from the date of payment to the foreign suppliers	12% per annum
2.	Cases where deposits are made after 30 days from the date of payment to the foreign suppliers	
	(a) For the first 30 days	12% per annum
	(b) For period in excess of 30 days	18% per annum

The above rate of interest will be applicable:

- (a) Where cost of goods imported and service rendered are paid for directly out of foreign loans/credit/grants on or after 1st September, 1983.
- (b) Where payment, for goods imported or services rendered, was made out of loans/ credits/ grants prior to 1st September, 1983 but the rupee deposit is made on or after 1st September, 1983. (Amended vide public Notice No. 35-ITC(PN)/83 dated 26th August 1983).
- (c) Where payment for goods imported or services rendered, was made out of the loan credits/grants prior to 1st September, 1983 in part and the balance is deposited on or after 1st September, 1983.

5. The provisions in this regard in the existing licensing conditions may be deemed to have been modified to this extent. Importers should also arrange to furnish amendments to existing bank guarantees including the provisions relating to revised rates of interest now notified, within a month from the date of issue of the Public Notice.

Sd----

P.C. Jain

CHIEF CONTROLLER OF IMPORTS & EXPORTS.