

## **RBI extends overseas borrowing interest rate norms till June**

The Reserve Bank today said existing guidelines on interest rates for overseas borrowings will continue for another three months.

"On a review, it has been decided that the all-in-cost ceiling...will continue to be applicable till June 30, 2014, and is subject to review thereafter. All other aspects of the ECB policy remain unchanged," the RBI said in a notification.

According to the earlier directive, the all-in-cost ceiling was applicable till March 2014.

All-in-cost ceiling refers to the interest that can be paid on external commercial borrowings.

The ceiling for ECBs with average maturity of three and up to five years is six months Libor plus 350 basis points. For loans beyond five years, it is six months Libor plus 500 basis points.

Libor stands for London interbank offered rate, the key benchmark that reflects how much it costs banks to borrow from each other.

In a separate notification, the RBI said companies can avail of trade credit facility from overseas for the import of capital goods till June.

All other aspects of the trade credit policy remain unchanged, it added.

*(Economic Times)*