

**THE GANDHIDHAM  
CHAMBER OF COMMERCE & INDUSTRY**

(ESTD. 1953)

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No. GCCI / 453

Date: 25.09.2018

Shri Arun Jaitleyji, Hon'ble Minister for Finance, Corporate Affairs, Information and Broadcasting, & Chairman GST Council, Government of India Room No. 134, North Block New Delhi - 110 001	Shri Suresh Prabhu, Hon'ble Minister of Commerce & Industry, Ministry of Commerce & Industry, Room No. 45, Udyog Bhawan, New Delhi - 110 107	Shri Urjit Patel, Governor, Reserve Bank of India, Central Office Building, Shahid Bhagat Singh Road, Fort, Mumbai 400001
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**Sub: Impact of discontinue of LOUs for importers and request for the reconsideration of the decision**

Dear Sir,

The Gandhidham Chamber of Commerce & Industry is a pioneer organisation of Kandla - Gandhidham complex in Kachchh-Gujarat since 1953 with the main objective to serve as a bridge between local trade and industry fraternity and State / Central Govt. for the resolution of problems and also to endeavour for the welfare of citizens and township in public interest.

We have lodged our protest earlier vide our letter no. GCCI/560 dated 19.03.218 over RBI's directive to discontinue Letters of Undertaking [LOU] with immediate effect to importers and draw your attention once again towards its impact on trade with a request for the reconsideration.

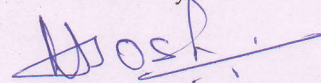
More than reasonable time has elapsed but yet the credit facility to importer is not restored which resulted in to higher borrowing cost by approximately 2.5%. This scenario generates negative impact on competitive cost of trade and industry and also badly affect to employment generation which our country cannot afford. By now, as a matter of the fact, RBI should have discussed this matter with stakeholders to resolve the matter. Import contributes around 20% in country's re-export and hence it is important to restore the credit facility by Letter of Undertaking (LOU) and Letter of Credit (LC).

Sir, as a matter of the fact, rather than a flaw with LOUs the unrecorded issuance emerged points to serious lapses in banking system. These include lapses in branch audit, concurrent audit & RBI annual inspection. Now, due to lack of effective governance, genuine importers are made scapegoat.

In view of the above, we request you to reconsider your decision to discontinue LOUs and re-start the same practice in sync with global norms.

Thanking you,

Yours faithfully,



Aashish Joshi

Hon. Secretary