

Date: September 30, 2013

To  
Shri. G Jaganmohan Rao  
Principal Chief General Manager  
Department of Banking Supervision  
Reserve Bank of India

**Subject: Representation seeking change in rule to ban zero per cent interest rate scheme for purchase of consumer goods**

Dear Sir,

It is my pleasure to write to you on behalf of the Retailers Association of India (RAI)!

Retailers Association of India (RAI) is the unified voice of Indian retailers. RAI works with all the stakeholders for creating the right environment for the growth of the modern retail industry in India. It encourages, develops and supports retailers to become modern and adopt best practices that will delight customers.

RAI is the representative body of Retailers in India having over 900 member establishments including large and small retailers in the country and represents over 98000 stores in India. RAI has a three charter aim of Retail Development, Facilitation and Propagation.

RBI's notification vide RBI/2013-14/292 dated September 25, 2013 mentions to ban zero per cent interest rate scheme for purchase of consumer goods. Although the intention of RBI is customer protection and accounting integrity, this may have serious consequences for the retail sector.

The zero per cent interest rate schemes drive the festival sale of retailers. About 20-30 percent of consumer goods sales happen via such zero percent EMI schemes. Banning zero per cent interest rate scheme this time would be hazardous for the retailers and would hurt the already bearish consumer sentiment.

Our submission is as follows:

- Ideally, instead of applying immediate ban, RBI could give a window for 2 months. This could help in avoiding major impact due to festive reason.



- Also instead of banning, RBI could have laid down guidelines for disclosure/structuring of scheme by banks which would lead to greater transparency to customer. This would have led to alternate mechanism instead of complete shutdown of channel.

We hope and believe that you will receive our representation favorably and look forward to your kind action in this regard.

Looking forward to an early reply,

Yours sincerely,

For Retailers Association of India

Gautam Jain  
Head – Advocacy & Finance