



**PHD Research Bureau**  
PHD Chamber of Commerce and Industry



## **RBI extends Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit**

This is in reference to the instructions issued vide circular DOR.CRE(DIR).REC.28/04.02.001/2021-22 dated July 1, 2021. Government of India has approved the extension of Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit ('Scheme') up to March 31, 2024 or till further review, whichever is earlier. The extension takes effect from October 1, 2021 and ends on March 31, 2024. The modifications made by the Government to the Scheme are detailed below:

'Telecom Instruments' sector having six HS lines<sup>1</sup> shall be out of the purview of the Scheme, except for MSME manufacturer exporters.

Revised interest equalisation rates under the Scheme will now be 3% for MSME manufacturer exporters exporting under any HS lines, and 2 per cent for manufacturer exporters and merchant exporters exporting under 410 HS lines (after excluding 6 HS lines pertaining to Telecom Sector as mentioned above).

Banks, while issuing approval to the exporter, will necessarily furnish i) the prevailing interest rate, ii) the interest subvention being provided, and iii) the net rate being charged to each exporter, so as to ensure transparency and greater accountability in the operation of the Scheme.

The extended Scheme will not be available to those beneficiaries who are availing the benefit under any Production Linked Incentive (PLI) scheme of the government.

For the period from October 1, 2021 to March 31, 2022, banks shall identify the eligible exporters as per the Scheme, credit their accounts with the eligible amount of interest equalisation and submit sector-wise consolidated reimbursement claim for the said period to the Reserve Bank by April 30, 2022.

With effect from April 1, 2022, banks shall reduce the interest rate charged to the eligible exporters upfront as per the guidelines and submit the claims in original within 15 days from the end of the respective month, with bank's seal, and signed by authorised person, in the prescribed format, as modified (Annex I).

Other provisions of the extant instructions issued by the Bank on the captioned Scheme shall remain unchanged.

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Warm Regards,

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