

RBI UPDATE

**Extension of Interest
Equalization Scheme for
Exporters**



Extension of Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit for Exporters

The RBI vide Circular No **RBI/2021-22/180 DOR.STR.REC.93/04.02.001/2021-22** issued on **8th March 2022** has extended the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit **from Oct 1, 2021 and ends on 31st March 2024 or till further review**, whichever is earlier. The Interest Equalization Scheme is effective from 1st April 2015 to provide pre and post-shipment Rupee export credit to eligible exporters. In April last year, the scheme was first extended till June 2021 and later extended till September 2021.

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 equalization** and submit sector-wise consolidated reimbursement claim for the said period to the Reserve Bank by April 30, 2022.

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.

Revised interest equalization rates under the Scheme will now be 3 per cent 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).

Instructions to Bank

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.

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 authorized person, in the prescribed format, as modified.

For detailed guidance on this aspect, please refer the below link:

<https://rbi.org.in/scripts/notificationuser.aspx/www.mastercircula rs.rbi.org.in/scripts/NotificationUser.aspx?Id=12252>

Disclaimer

The information contained herein is in summary form of RBI Circular for extension of Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit issued dated March 8, 2022 and is based on information available in public domain. While the information is believed to be accurate to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of this information. Reader should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, invitation, advice or solicitation of any kind. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.