

EXPORT PROMOTION COUNCIL FOR EOUs & SEZs

Ministry of Commerce & Industry, Government of India

8G, 8th Floor, Hansalaya Building, 15, Barakhamba Road, New Delhi 110 001

Tel: 23329766-69, Fax: 223329770, E-mail : epces@epces.in

AnandGiri
Deputy Director

EPCES CIRCULAR NO. 218 DATED 7-12-2015

Subject : Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit

The Government of India has announced the Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit to eligible exporters. The scheme is effective from April 1, 2015. The details of the scheme are :-

(a) The rate of interest equalisation @ 3% per annum will be available on Pre Shipment Rupee Export Credit and Post Shipment Rupee Export Credit.

(b) The scheme would be applicable w.e.f 01.04.2015 for 5 years. Government, however, reserves the right to modify/amend the Scheme at any time.

(c) The scheme will be available to all exports under 416 tariff lines [at ITC (HS) code of 4 digit] and exports made by Micro, Small & Medium Enterprises (MSMEs) across all ITC(HS) codes.

(d) Scheme would not be available to merchant exporters.

(e) Banks are required to completely pass on the benefit of interest equalisation, as applicable, to the eligible exporters upfront and submit the claims to RBI for reimbursement, duly certified by the external auditor.

(f) Ministry of Commerce and Industry will place funds in advance with RBI for a requirement of one month and reimbursement would be made on a monthly basis through a revolving fund system.

(g) All eligible exports under the scheme would have to meet the criteria of minimum processing for the goods to be called as Originating from India and would be governed by provision of Paragraph 2.108 (a) (Rules of Origin [Non preferential]) of Handbook of Procedures of Foreign Trade Policy 2015-2020

In this regard Reserve Bank of India has issued DBR.Dir.BC No. 62/04.02.001/2015-16 dated 4/12/2015. This Circular prescribes procedure for passing on the benefit of interest equalisation to exporters and Procedure for claiming reimbursement of interest equalisation benefit already passed on to eligible exporters. A copy of this RBI Circular is attached along with for ready reference of the members.

December 4, 2015

All Scheduled Commercial Banks
(excluding RRBs)

Dear Sir/Madam,

Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit

The Government of India has announced the Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit to eligible exporters. The scheme is effective from April 1, 2015. The details of the scheme are enclosed.

2. Accordingly, scheduled commercial banks are advised to adhere to the following operational procedure for claiming reimbursement:

A. Procedure for passing on the benefit of interest equalisation to exporters:

- i. For the period April 1, 2015 to November 30, 2015, banks shall identify the eligible exporters as per the Government of India scheme and credit their accounts with the eligible amount of interest equalisation.
- ii. From the month of December 2015 onwards, banks shall reduce the interest rate charged to the eligible exporters as per our extant guidelines on interest rates on advances by the rate of interest equalisation provided by Government of India.
- iii. The interest equalisation benefit will be available from the date of disbursement up to the date of repayment or up to the date beyond which the outstanding export credit becomes overdue. However, the interest equalisation will be available to the eligible exporters only during the period the scheme is in force.

B. Procedure for claiming reimbursement of interest equalisation benefit already passed on to eligible exporters

- i. The sector-wise consolidated reimbursement claim for the period April 1, 2015 to November 30, 2015 for the amount of interest equalisation already passed on to eligible exporters should be submitted to RBI by December 15, 2015.
- ii. The sector-wise consolidated monthly reimbursement claim for interest equalisation for the period December 2015 onwards should be submitted 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 given in [Annex I](#).
- iii. The claims should be accompanied by an External Auditor's Certificate (with stamp and membership number) certifying that the claim for interest equalisation of Rupees..... for the month ended has been verified and found to be strictly in accordance with the provisions of the Government scheme enclosed with the circular DBR.Dir.BC.No.62/04.02.001/2015-16 dated December 4, 2015. Claims for reimbursement will be considered for settlement only after receipt of this certificate.
- iv. The claims may be submitted to the Chief General Manager, Department of Banking Regulation, Reserve Bank of India, Central Office, ShahidBhagat Singh Marg, Fort Mumbai – 400 001.
- v. The reimbursement of interest equalisation claim will be made as and when the funds are received from Government of India.

Yours faithfully,

(Lily Vadera)
Chief General Manager
Encls: As above