

Dr. L.B. Singhal
(Ph.D., MBA, LLB, B.Sc.)
Secretary General, AEPC

AEPC/HO/EPC/R&PA/2022
March 9, 2022

Dear Members,

Sub: Interest Equalisation Scheme (IES) on pre and post shipment Rupee Credit extended upto March 31, 2024

The Interest Equalisation Scheme (IES) was implemented on 1st April 2015 to provide pre and post-shipment export credit to exporters in Rupees. The Scheme extends a subsidy on interest provided on pre- and post-shipment export credit. **In April last year, the scheme was first extended till June end and later till September 2021.**

2. Since it is an important Scheme, several exporters represented to AEPC for extension of the scheme for a longer period of time. Chairman, AEPC had taken up the issue with Govt of India and with RBI repeatedly. AEPC had also represented that the Interest Equalisation Scheme should be extended for a longer period to bring about stability. We are pleased to convey that Reserve Bank of India (RBI) vide its Notification no. RBI/2021-22/180 DOR.STR.REC.93/04.02.001/2021-22 dated March 8th, 2022 (copy enclosed) **has extended the Interest Equalisation Scheme for pre and post shipment Rupee credit 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.**

3. It is for the first time, that the Interest Equalisation Scheme (IES) has been extended for such a long time. You are also aware that the Govt had extended ROSCTL scheme also for a period from 1st January 2021 to 31st March 2024. Long term extensions of the Schemes certainly help exporters in their long term planning.

4. The modifications made by the RBI are given as follows:

(i) Revised **Interest Equalisation 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).

(ii) While issuing approval to the exporter, the bank will be required to furnish the prevailing interest rate, the interest subvention being provided, and the net rate being charged to each exporter, so as to ensure transparency and greater accountability in the operation of the scheme.

(iii) **For the October 1, 2021 to March 31, 2022 period, 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 claims for the period to the Reserve Bank by April 30, 2022.

(iv) **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 in the prescribed format.

(v) **The scheme will not apply to entities availing benefits under the Production Linked Incentive (PLI) scheme of the government.**

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

This is for your information please.

With regards,

Dr L B Singhal
Secretary General

Encl - [RBI Notfn - extn of IES](#)