

## **Interest Equalization Scheme will give a boost to Cotton textiles exports, R.K.Dalmia, Chairman TEXPROCIL**

The much awaited Interest Rate Subvention Scheme on Pre-Shipment and Post-Shipment Scheme has been approved by the Cabinet Committee on Economic Affairs. The Scheme, which will now be called as Interest Equalization Scheme will be effective from 1st April, 2015 for a period of five years. The scheme will be evaluated after three years.

“The Interest Equalization Scheme will provide the much needed boost to exports of Cotton textiles as all categories of Fabrics and Madeups have been covered under the scheme”, said Shri R.K.Dalmia, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL).

Interest rates on export finance is very high in India as compared to competing countries like Bangladesh, Pakistan, Sri Lanka and Vietnam. Exporters were keenly looking forward towards the announcement of this scheme as they are facing depressed market condition and declining exports.

The scheme has, however, excluded Cotton yarns. Further, the scheme is also not made available to the merchant exporters. Shri Dalmia pointed out that Cotton yarn exports are currently passing through difficult market conditions especially in China and this product should be covered under the scheme to enable yarn exporters to reduce costs and remain competitive in these difficult times.

As regards the Merchant exporters, Shri Dalmia stated that in the present business scenario, the differentiation between manufacturers and merchant exporters is diminishing and there is no reason as to why merchant exporters should be denied the benefit of concessional rate of interest on export finance as long as they contribute towards exports”.

Shri Dalmia urged the Government consider including Cotton yarn under the scheme and also to extend the benefit of the scheme to the merchant exporters.