



THE COTTON TEXTILES EXPORT PROMOTION COUNCIL
(Sponsored By Government of INDIA)

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Circular No.EPS/40/2015-16

To: Members of the Council

Sub: 3% Interest Rate Subvention Scheme

Dear Member,

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 Equalisation Scheme (earlier called Interest Subvention Scheme), will be effective from 1st April, 2015 for a period of five years. The scheme will be evaluated after three years.

The features of the Interest Equalisation Scheme includes:

- (i) **The rate of interest equalisation would be 3 percent.** The scheme would be available to all exports of MSME and 416 specified tariff lines.
- (ii) The Scheme would not be available to merchant exporters.
- (iii) **The duration of the scheme would be five years with effect from 1.4.2015.** On completion of three years of operation of the scheme, Department of Commerce may initiate a study on impact of the scheme on export promotion and its further continuation. The study may be done through one of the IIMs.
- (iv) Ministry of Commerce & Industry may place funds in advance with RBI for requirement of one month and reimbursement can be made on a monthly basis through a revolving fund system.

(v) The operational instructions of the scheme would be issued by RBI shortly.

(vi) The scheme covers mostly labour intensive and employment generating sectors which includes handloom products, readymade garments and made ups covered under Chapter 61-63 , fabrics of all types and all items manufactured by SMEs other than those covered above.

The list of tariff lines for textiles & clothing is given below:

S.No	Sector	Coverage	No of HS Codes at 4 digit level
1	Handicraft	All Lines	37
2	Carpet (Excl. Silk) Handmade	All Lines	5
3	Handloom Products	All Lines	2
4	Coir & Coir Manufactures	All Lines	5
5	Jute Raw, Yarn	All Lines	2
6	Other Jute Manufactures	All Lines	1
7	Readymade Garments and Made ups (Ch 61-63)	All Lines	42
8	Fabric of all types	All Lines	33
9	All items manufactured by SMEs other than those covered above	All Lines	

Members are requested to please take a note of the above and do the needful. Also when the scheme becomes operational after the issue of RBI , in case , you face any difficulty in getting the benefit under the scheme please let us know so that we can take it up with the Government.

Thanking you,

Siddhartha Rajagopal
Executive Director

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