Government of India
Ministry of Commerce & Industry
Directorate General of Foreign Trade
Udyog Bhavan, New Delhi

Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit

The Government has approved the Interest Equalisation Scheme for Pre and Post Shipment Rupee Export Credit with effect from 1st April, 2015 for 5 years.

2. The details of the Scheme are as follows:

(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]as per **Annexure A** 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, which reads as follows:

2.108 Rules of Origin (Non-Preferential)

(a) Rules of Origin (Non-Preferential) criteria are as under:

(I) Goods are to be manufactured by the exporting entity as per the definition of "Manufacture" in Paragraph 9.31 of FTP; and

(II) If imported inputs (Duty Paid or Duty Free) have been used for the production of export product, the export product can be considered to be originating in India (Non Preferential) only if the imported inputs undergo the processing/ operations that exceed the following:

(i) simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, cutting;

(ii) changes of packing and breaking up and assembly of consignments;

(iii) simple cutting, slicing and repacking or placing in bottles, flasks, bags, boxes, fixing on cards or boards, and all other simple packing operations;

(iv) operations to ensure the preservation of products in good condition during transport and storage (such as drying, freezing, keeping in brine, ventilation, spreading out, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations);

(v) affixing of marks, labels or other like distinguishing signs on products or their packaging;

(vi) simple mixing of products ;

(vii) simple assembly of parts of products to constitute a complete product;

(viii) disassembly;

(ix) slaughter which means the mere killing of animals; and

(x) mere dilution with water or another substance that does not materially alter the characteristics of the products.

(h) Telecom product exports would, after notification of the guidelines by the Department of Telecommunications, however, be subject to minimum value addition as notified by Department of Telecommunications, to be eligible under the scheme.

(i) A study may be initiated on the impact of the scheme on export promotion on completion of 3 years of the operation of the scheme. The study may be done through one of the IIMs.

(j) RBI shall send a monthly report to Deptt of Commerce/DGFT indicating reimbursement made commodity wise/bank wise, as per the prescribed format.
