

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 4033
ANSWERED ON 25/03/2025

EXPORT PROMOTION SCHEME

4033. SHRI SRIBHARAT MATHUKUMILLI:

Will the Minister of COMMERCE AND INDUSTRY (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) the average cost of borrowing for Indian exporters in comparison to major competing economies such as China, Vietnam, Malaysia and Thailand;
- (b) the details of the interest equalisation scheme including interest subvention provided, number of beneficiaries and the funds allocated and released during the last four years;
- (c) the reasons for the non-allocation of funds to the above scheme and its expected impact on the competitiveness of Indian exports;
- (d) the details of the Export Promotion Scheme announced in the Budget, including the specific schemes covered under it and the timeline for their implementation; and
- (e) whether any additional fiscal or policy interventions are planned to reduce interest cost until the new scheme is implemented and if so, the details thereof and if not, the reasons therefor?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI JITIN PRASADA)

- (a) In India, the Repo Rate stands at approximately 6.25%, with exporters bearing interest rates ranging between 8 to 12% or even more depending on the spread and risk assessment of the borrower by the Authorised Dealer Banks.

Central Bank rates of competitor countries

| Country | Interest Rate (Central bank rates) in Mar-2024 | Interest Rate (Central bank rates) in Jun-2024 | Interest Rate (Central bank rates) in 2025 |
|----------|--|--|--|
| India | 6.5 | 6.5 | 6.25 (Mar 25) |
| China | 3.45 | 3.35 | 3.1 (Feb 25) |
| Malaysia | 3 | 3 | 3 (Mar 25) |
| Thailand | 2.5 | 2.5 | 2 (Feb 25) |
| Vietnam | 4.5 | 4.5 | 4.5 (Dec, 2024) |

Source: Respective Central banks of the Competitor Country.

(b) Interest Equalisation had been an important policy instrument, especially for MSME exporters, for bringing down the higher cost of credit incurred by Indian exporters vis-a-vis their foreign competitors.

Up to 30.06.2024 the Scheme covered all ITC (HS) codes for exports made by Micro, Small & Medium Enterprises (MSMEs) at 3% interest equalisation, and 410 identified tariff lines at 4-digit ITC HS (Indian Trade Classification Harmonized System) code level for exports made by manufacturer and merchant exporters at 2% interest equalisation. From 01.07.2024 onwards, the scheme has been partially extended till 31.12.2024 for MSME manufacturer exporters with a value cap of Rs.50 Lakhs per exporter for FY 2024-25 up to December 2024.

Approximately, 11000 exporters avail the benefits under the scheme.

Details of the funds allocated and released during the last four years is as follows:

| S. No. | Financial Year | Actual Expenditure (in crore) |
|--------|----------------|---|
| 1 | 2021-22 | Reimbursed Rs.3488 (including arrears of previous year) |
| 2 | 2022-23 | Reimbursed Rs. 3118 (including arrears of previous year) |
| 3 | 2023-24 | Reimbursed Rs.3699.9 (including arrears of previous year) |
| 4 | 2024-25 | Reimbursed Rs. 2482 (including arrears of previous year) |

(c) to (e) Presently, Interest Equalisation has been merged under the Export Promotion Mission in which a budgetary allocation of Rs 2250 crore has been made.

Government is undertaking stakeholder consultation with regard to Export Promotion Mission with a budgetary allocation of Rs. 2250 Crore with sectoral and ministerial targets, driven jointly by the Ministries of Commerce, MSME, and Finance. The focus is on facilitating easy access to

export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets.

A digital public infrastructure, 'Bharat Trade Net' (BTN) for international trade is a Budget announcement for a unified platform for trade documentation and financing solutions.

The specific schemes covered under it and the timeline for their implementation is still under consultation with the working group.
