



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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RBI/2023-24/124

DOR.STR.REC.78/04.02.001/2023-24

February 22, 2024

All Scheduled Commercial Banks (excluding RRBs),  
Primary (Urban) Cooperative Banks & State Cooperative Banks (scheduled banks having  
AD category-I license), and Exim Bank

Dear Sir / Madam,

**Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit**

Please refer to the instructions issued vide [circulars No. DOR.STR.REC.93/04.02.001/2021-22 dated March 8, 2022](#) and [DOR.STR.REC.39/04.02.001/2022-23 dated May 31, 2022](#).

2. Government of India has allowed for extension of the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit ('Scheme') up to June 30, 2024. The rate of interest equalization shall be 2% for Manufacturers and Merchant Exporters exporting under specified 410 HS lines and 3% to the MSME manufacturers exporting under any HS line.

3. Further, Government has advised the following modifications to the scheme:

- a) **Average interest rate:** With effect from FY 2023-24, the banks which have priced the loans covered under this scheme at an average interest rate of greater than Repo Rate + 4% prior to subvention would be subjected to certain restrictions under the scheme. Based on an assessment undertaken for FY 2023-24, Director General of Foreign Trade (DGFT) will identify the banks which are in breach of the above provision. Such banks shall be restricted from participating in the scheme till they furnish an undertaking (in the format as enclosed in the [Annex](#)) to DGFT. Any further breach as assessed by DGFT thereafter may lead to debarment from the scheme.
- b) **Cap on subvention amount:** The annual net subvention amount has been already capped at Rs 10 Cr per Importer-Exporter Code (IEC) in a given financial year and the same has been communicated to the trade & industry and banks vide DGFT Trade Notice No.05 dated May 25, 2023. Accordingly, all disbursement from April 1, 2023 shall be reckoned for this purpose.

4. All other provisions of the aforesaid circulars shall remain unchanged.

Yours faithfully

(Vaibhav Chaturvedi)  
Chief General Manager

**UNDERTAKING**

We, [Name of the Bank], hereby provide an undertaking to participate in the Interest Equalisation Scheme for MSMEs and non-MSMEs, subject to the following terms and conditions:

1. We understand that if our bank's average interest rate prior to subvention for MSMEs and non-MSMEs is higher than Repo Rate + 4%, we will be debarred under the scheme.
2. We agree that we will keep the average interest rate within Repo Rate + 4% band to continue to participate in the Interest Equalisation Scheme.
3. We hereby undertake to provide all necessary information and documents as required by the Directorate General of Foreign Trade, Ministry of Commerce & Industry for the purpose of monitoring and evaluation of our compliance with the terms and conditions of the Interest Equalisation Scheme.
4. We also agree to adhere to any other guidelines or directives issued by the Directorate General of Foreign Trade, Ministry of Commerce & Industry from time to time.

We hereby certify that we have read and understood the above terms and conditions and undertake to abide by them in letter and spirit.

Signature of authorized signatory:

Name of authorized signatory:

Designation:

Name of the Bank:

Date: