

Seventeenth Loksabha

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Title: Issue regarding extension of Interest Equalization Scheme upto 31.03.2022 with retrospective effect from 01.01.2021.

**DR. DNV SENTHILKUMAR S. (DHARMAPURI):** Vanakkam Chairperson.

I would like to raise an issue regarding the extension of Interest Equalization Scheme. The scheme was announced as a part of Foreign Trade Policy (2015-20) majorly to boost exports in MSME sector in particular. At the time of inclusion, merchant exporters accounted for nearly 35 per cent of the country's exports and generally operated at a low margin of 2-4 per cent. This scheme provides interest subvention, which ranges from 3-5 per cent, and this measure will help in lowering the credit cost and in turn increase the margin. It was originally valid up to April 2020 and was extended by a year up to March 2021 citing pandemic as a reason. From then it was extended on piecemeal basis, firstly for three months up to June 2021 and then again for three more months up to September, 2021.

Since there was no extension and these kinds of temporary extensions have created anxiety among exporters where they are now paying regular interest rate from 01.10.2021. The irony is FTP (2015-20) was extended up to March 2022 but the scheme which is very much part of it did not get an extension.

The scheme targets the products, which are largely in MSME or labour-intensive sectors such as agriculture, textiles, leather, handicraft and machinery.

I would urge upon the hon. Commerce Minister to extend the scheme's deadline up to 31/03/2022 with retrospective effect from 01/10/2021 because the Government has budgeted Rs. 1,900 crore for the scheme for the Financial Year 2022 and include the same scheme in the upcoming new five-year Foreign Trade Policy to encourage export and competitiveness of the products. Thank you, Sir.