

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3581
ANSWERED ON:16.04.2010
LOW RATE OF INTEREST TO ENTREPRENEURS
Rao Shri Nama Nageswara; Sarvey Shri Sathyanarayana

Will the Minister of FINANCE be pleased to state:

- (a) the details of rates and condition of loan available to exporters/enterprises;
- (b) whether the Government has plans to provide financial assistance to entrepreneurs at as low as three percent rate of interest which the export domestic entrepreneurs in other countries like China are availing;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor and the manner in which the Government will help the domestic industry to overcome competition from other countries like China?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) : The details of rates and condition of loans available to exporters are contained in RBI circular No.DBOD.DIR.(Exp).No.76/04.02.00i/2009-10 dated 19.02,2010. A copy of same is enclosed as Annex-I.

(b): No, Sir.

(c): Does not arise.

(d): The Govt. and RBI have taken following measures to enhance the global competitiveness of Indian Exporters:

(i) Interest subvention @ 2% on pre and post-shipment Rupee export credit was extended for seven sectors upto 31.03.2010.

(ii) The period of realization and repatriation to India of the amount representing the full export value of goods or software was enhanced from 6 months to 12 months from the date of export up to June 30, 2010, subject to review after one year. The provisions in regard to period of realization and repatriation to India of the full export value of goods or software exported by a unit situated in Special Economic Zone (SEZ) (period not applicable) as well as exports made to warehouses established outside India with the permission of Reserve Bank (within 15 months) remains unchanged.

(iii) A.D. Category -I banks have been permitted to make advance remittance without any limit and without bank guarantee or standby letter of credit, by an Importer (other than a Public Sector Company or a Department / Undertaking of the Government of India / State Government/s), for import of diamonds into India from nine mining companies (in UK, Australia, Angola, Russia, Belgium & Namibia), subject to certain conditions.

(iv) Powers have been delegated to A.D.Catagory-I banks to allow Diamond exporters to open not more than five Diamond Dollar Accounts (DDA).

(v) In order to facilitate transactions / settlements, effective January 1, 2009, participant in the Asian Clearing Union, have been given the option to settle their transactions either in ACU Dollar or ACU Euro,

(vi) With a view to further liberalise the facilities available to the exporters and to simplify the procedure, A.D.Catagory-I banks have been permitted to regularize cases of dispatch of shipping documents by the exporters directly to the consignee or his agent resident in the country of the final destination of the goods upto US\$ 1 million or its equivalent, per export shipment, subject to certain conditions.

(vii) As a sector specific measure the limit for direct receipt of -mport bills / documents has been enhanced from US\$ 100,000 to US\$ 300,000 in the cases of import of rough precious and semi precious stones by non-status holder exporters. Further, the same has been extended for all import bills, subject to conditions.