

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2505

ANSWERED ON:25.07.2014

CREDIT TO EXPORTERS

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has conducted any study/ assessment on the non-availability of credit to exporters;
- (b) If so, the details thereof along with the credit available to exporters during last three years and current year; and
- (c) the corrective measures taken/being taken by the Government to improve credit to exporters?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) & (b):- Reserve Bank of India (RBI) had set up a Technical Committee to review the existing policies/ procedures relating to bank finance for exports and suggest measures to improve timely, adequate and hassle free flow of credit to the sector. The Committee submitted its report in April 2013 and its recommendations were forwarded to various agencies for implementation. The recommendations of the Committee which have already been implemented are as under :-

- i) The exporters have been allowed to cancel and rebook the forward contracts up to 50 per cent in a financial year.
- ii) Reporting requirement of forward contracts booked in OTC has been simplified.
- iii) E-commerce transaction limits have been enhanced from USD 3,000 to USD 10,000.
- iv) Banks have been advised not to levy any other charges over and above the interest rate under any name.
- v) Time limit to submit application by project exporters has been increased from 15 days to 30 days.
- vi) Time limit to complete Merchanting trade has been enhanced from 6 months to 9 months.

The export credit outstanding for the last three years is as under :-

Outstanding as on	Export Credit	(Rs in crore)
March, 2012	1,81,852	
March, 2013	2,07,618	
March, 2014	2,29,429	

(c) :- (i) 2% Interest subvention scheme was earlier available only to Handlooms, Handicrafts, SMEs and carpets. In June 2012, it had been extended to labour intensive sectors, namely, Toys, sports goods, processed agricultural products, and readymade garments, in addition to the four sectors benefitting from the scheme earlier. With effect from 1st January, 2013, the scheme had been extended to 134 sub-sectors of Engineering sector. The scheme was further widened to cover 101 tariff lines of Engineering sector and 6 tariff lines of Chapter 63 of ITC(HS) (Textiles Made ups) w.e.f. 1st April, 2013. Government enhanced the rate of subvention from 2% to 3% with effect from 1st August, 2013.

(ii) RBI has taken a number of measures to ensure availability of credit to export sector which are as under:

a. Banks are required to reach a level of outstanding export credit equivalent of 12 per cent of each bank's Adjusted Net Bank Credit (ANBC). b. Export credit is available for exporters in Rupee as well as in Foreign Currency. c. Export credit is permitted both in pre-shipment credit and post-shipment credit. d. In order to improve the availability of export credit interest rates have been deregulated for both pre-shipment and post-shipment. e. Pre-shipment and post-shipment finance may be provided to exporters of all the 161 tradable services covered under the General Agreement on Trade in Services (GATS) f. RBI has introduced Gold Card Scheme for creditworthy exporters with good track records for easy availability of export credit. g. Separate Sub-Committee under State Level Bankers Committee has been constituted to discuss the issues relating to export finance. The Sub-Committee is known as "Sub-Committee of SLBC for Export Promotion".