

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4589

ANSWERED ON:19.12.2014

REFINANCING OF EXPORT PURCHASE BILLS OF EXPORTERS

Bhuria Shri Dileep Singh

Will the Minister of FINANCE be pleased to state:

(a) whether the banks have imposed a cap on allowing re-finance of export purchase bills of exporters within their debt-equity ratio as per guidelines issued by the Reserve Bank of India (RBI);

(b) whether small and medium industries are choked for re-financing of such export bill; and

(c) if so, the details thereof and the steps taken or proposed to be taken by the Government to re-finance foreign bills purchased of SME exporter?

Answer

The Minister of State in the Ministry of Finance (SHRI JAYANT SINHA)

(a)to (c): The Reserve Bank of India (RBI) provides export credit refinance (ECR) facility to banks under section 17(3A) of the Reserve Bank of India Act 1934. This facility is given on the basis of banks' eligible outstanding rupee export credit both at the pre-shipment and post-shipment stages. The quantum of refinance is fixed from time to time based on the stance of monetary policy of the RBI. At present, the scheduled banks are provided export credit refinance to the extent of 32.0 per cent of the outstanding export credit eligible for refinance as at the end of the second preceding fortnight. This limit was reduced from 50.0 per cent to 32.0 per cent, vide RBI circular No.MPD.BC.372/07.01.279/2013-14 dated June 3, 2014. However, there is no cap on refinance of export bills purchase from individual exporters in the RBI refinance guidelines. The banks use the refinance facility to meet from time to time their own (banks) liquidity requirements.

Estimated Bank Group-wise utilisation of ECR during last 3 years is as under:

(Rs billion)

Year	Nationalised banks	Private banks	Foreign banks
2012-13	129.1	15.0	4.4
2013-14	241.0	33.7	20.1
2014-15(so far)	154.1	21.7	13.2

Source: RBI

The data indicates that the availment of refinance facility is at similar high level as prevailing in 2013-14.