

Directorate General of Foreign Trade, Department of Commerce, Ministry of Commerce and Industry Call for Expression of Interest (EOI)

Directorate General of Foreign Trade, Department of Commerce, Ministry of Commerce and Industry, Government of India intends to conduct an impact assessment study on 'Interest Equalisation Scheme' for pre and post shipment rupee export credit.

For this purpose, it is proposed to engage an Institute of repute to:

1. Assess effectiveness of the scheme keeping in view the overall cost of finance of exporters and adequacy of the coverage, duration, credit etc.
2. Assess impact on the export growth of the sectors where the interest subvention is being provided, and the impact on the growth of loan being taken by the exporters of the sectors covered.
3. Establish linkage between the export realisation and the interest subvention being provided.
4. Analysis of the experience of banks and exporters utilising the scheme.

The EOI document containing the details regarding the brief of the scheme and scope of work can be downloaded from the website of DGFT at <https://www.dgft.gov.in/CP/>. The synopsis of the proposal along with the framework of the study have to be submitted by 31.07.2023 at the following address alongwith the manpower available for the study.

The Directorate General of Foreign Trade, Vanijya Bhawan, 'A' Wing, 16 Akbar Road, New Delhi – 110011.

BRIEF ON INTERST EQUALISATION SCHEME

The Interest Equalisation Scheme has been formulated to give the benefit in the interest rates being charged by the banks to the exporters on their Pre and Post Shipment Rupee Export Credits. The scheme was launched w.e.f. 1.4.2015 for a period of 5 years and later extended till 31.03.2024. The broad objective of the scheme is to provide exporters a cheaper source of rupee credit for pre-shipment and post-shipment activities.

2. The rate of Interest Equalisation @3% per annum was available on Pre and Post Shipment Rupee Export Credit for 416 identified tariff lines at 4 digits, and to all MSME manufacturer exporters for all export lines. As a part of the MSME package, with effect from [November 2, 2018](#), it was decided to increase Interest Equalisation rate from 3% to 5% in respect of exports by the MSME sector manufacturers under the scheme. Further due to demand by Merchant exporters, the Government of India w.e.f. 02.01.2019 approved inclusion of Merchant Exporters under this scheme by allowing them Interest Equalisation at the rate of 3% on pre and post shipment credit for export of products covered under 416 tariff lines already identified under the scheme.

3. RBI implements this scheme with the help of the banks. DGFT/DoC's role has been limited to make and approve the scheme and then to provide consolidated reimbursement of benefits to RBI. Every exporter eligible under the scheme can opt to avail upfront benefit of interest subvention from the bank. Thereafter, amount given as subvention in the interest rate to the exporters is reimbursed to the RBI by Department of Commerce for its onward release to the concerned Scheduled Commercial Banks and Urban Cooperative Banks.

4. Extension of the scheme:

While extending the scheme of 3 more years, from 01.10.2021 onwards, subvention rates have also been reduced. Henceforth, reduced revised rates of 3% subvention to MSME Manufacture exporters and 2 % is applicable to Merchant and other manufacturer exporters exporting along 410 HS lines.

The extended IES will also be available to beneficiaries for segments other than for which they have availed of PLI benefits.

5. Monitoring of IES Scheme and its beneficiaries

A new Monitoring software to capture granular data like exporter name, category of exporter (merchant/ manufacturer/MSME), product being exported, amount of equalization provided etc has been operationalized with effect from 01.04.2022 for better monitoring and evaluation of the Scheme vide Trade Notice no. 38/2021-22 dated 15.03.2022.

Scope of Work for ‘Interest Equalisation Scheme’ on pre and post shipment rupee export credit

The scope of work for the study proposed for impact assessment of Interest Equalisation Scheme are as under:

- (i) To assess effectiveness of the scheme keeping in view the overall cost of finance of exporters and adequacy of the coverage, duration, credit etc.
- (ii) Degree of utilization of the available funds and effectiveness of the funds utilized.
- (iii) Impact on the export growth of the sectors where the interest subvention is being provided, and the impact on the growth of loan being taken by the exporters of the sectors covered
- (iv) Linkage between the export realisation and the interest subvention being provided
- (v) Utilization pattern of the credit by the exporters: Bank-wise and Sector wise
- (vi) Experience of the banks implementing the scheme
- (vii) Experience of the exporters utilizing the scheme and
- (viii) Suggestions for making the scheme more effective

ELIGIBILITY CRITERIA FOR INSTITUTES FOR THE EOI:

1. Consulting registered Institutes registered under any Indian law and applying in response to this advertisement should have relevant experience of undertaking the study and should be in this line for a period of at least five years.
2. The institutes expressing willingness to conduct the study should have accreditations from government recognised bodies such as of AICTE, EFMD Quality Improvement System (EQUIS), AACSB International (AACSB), AMBA etc.
3. The applicant should have qualified and experienced professionals capable of executing the responsibilities required for completing the study detailed through this document.
4. Relevant experience would be preferred.