

TEXPROCIL

Chairman, TEXPROCIL welcomes inclusion of merchant exporters under Interest Equalisation Scheme

The Cabinet Committee on Economic Affairs has given its approval to the proposal of the Department of Commerce for including merchant exporters under the Interest Equalisation Scheme (IES) for Pre and Post Shipment Rupee Export Credit. Welcoming the decision, Dr. K.V.Srinivasan, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL) said “This will significantly reduce the cost of finance for the merchant exporters who contributes substantially towards textiles exports and make them more competitive”.

Interest Equalization Scheme at 5 per cent is available for Pre-Shipment and Post-Shipment credits on exports of all products manufactured and exported by MSMEs and 3% on 416 specified tariff lines for non-MSMEs. However, the scheme is available only to the manufacturer-exporters and not to the merchant exporters.

The Chairman , TEXPROCIL pointed out that both –manufacturer-exporters as well as merchant exporters require finance to execute export orders and the decision has therefore come as a huge relief for the merchant exporters as the cost of export finance will come down substantially.

Further, Dr.Srinivasan pointed out that MSMEs constitutes a significant part of the textiles sector and plays a crucial role in textiles exports. However, MSMEs do not have the expertise and resources to market their products in the export markets unlike the large manufacturers. They, therefore, depend on the merchant exporters to export their products. The coverage of merchant exporters under the Interest Equalization scheme will encourage them to export more products from the MSME sector which contributes significantly towards employment generation especially for women, according to the Chairman, TEXPROCIL.

Dr. Srinivasan urged the Government to cover Cotton Yarn under the scheme. He pointed out that Cotton Yarn is the only textile product which has not been given any benefits under the Foreign Trade Policy although it is a value added product with substantial value addition taking place within the country. According to him inclusion of cotton yarn under the scheme will encourage exports of this product which in turn will benefit the cotton farmers.