

RBI helps SMEs with interest subsidy scheme

by [Madhusmita](#) on August 12th 2010 and filled under [Small and Medium Enterprise \(SME\)](#)

In an endeavour to help manufacturing-based SMEs in sectors such as leather, jute, engineering and textiles, the Reserve Bank of India (RBI) has extended the 2% interest subsidy scheme on rupee export credit to these sectors. "Interest subsidies are always known to provide temporary relief to small exporters. In the backdrop of the vulnerable export situation of the country, any effort from the government or RBI will give instant relief to export-based SMEs," said Anil Shukla, deputy director of Confederation of Indian Industry (CII) in Uttar Pradesh to a Bizxchange correspondent. In April 2009, the RBI had extended this scheme to sectors such as handloom, handicrafts, carpets, leather, gems and jewellery, marine products and SMEs. Later, during the Budget presentation earlier this year, the government extended this facility till March 31, 2011 for handicrafts, carpets, handlooms and SME sectors. "Government subsidies are always helpful because, even if marginally, they reduce our unit's total cost for exports. It holds even more importance considering that banks seldom give us credit benefits on time," said Arun Goyal, owner of New Era Overseas, a small-sized unit in New Delhi which exports leather journals. Notably, the present interest subsidy scheme will be available to the manufacturing-based SME sectors from April 1, 2010 to March 31, 2011. Sreemita Bhattacharya