



EXPORT-IMPORT BANK OF INDIA

GENERAL GUIDELINES ON GOVERNMENT OF INDIA-APPROVED EXPORT LINES OF CREDIT ROUTED THROUGH EXPORT-IMPORT (EXIM) BANK OF INDIA (UNDER TEAM-9 AND NEPAD INITIATIVES)

EXPORT-IMPORT BANK OF INDIA LOC GROUP

Phone : (+91 22) 22162073
(+91 22) 22182948
(+91 22) 22172300 Extn. 2309/2326/2327/2328

Fax : (+91 22) 22182460

E-mail : eximloc@eximbankindia.in

Website: www.eximbankindia.in

Section

Contents

I	Exim Bank of India and Lines of Credit (LOCs)
II	Government of India's Team-9 Programme and LOCs
III	Projects/contracts already approved under LOCs extended under the Team-9 Programme
IV	An activity Flow-chart on procedures for approval of an LOC, approval of individual projects/contracts, disbursements
V	Guidelines for eligibility of individual projects/contracts to be included for being financed under the LOCs

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SECTION I

EXIM BANK OF INDIA AND LINES OF CREDIT (LOCs)

Export-Import (Exim) Bank of India is an apex financial institution, fully owned by the Government of India. Exim Bank was set up in 1982 under an Act of Parliament of India, viz. Export-Import Bank of India Act, 1981, to finance, facilitate and promote India's international trade. It is the principal financial institution in the country for coordinating the working of institutions engaged in financing exports and imports. Exim Bank has a range of financing and support programmes to achieve its mission. One such financing programme is Lines of Credit (LOCs).

Government of India (GOI) offers Lines of Credit (LOCs) to India's trading partners in the developing countries to import Indian equipment, technology, projects, goods and services, on deferred credit terms. These LOCs are routed by GOI, through Exim Bank, and carry concessional interest rates and repayment periods. The terms are determined on the basis of levels of income and external debts of the recipient countries. Exim Bank extends and operates its own LOCs, which are made available on commercial terms, besides the LOCs, extended at the behest of GOI.

What are the benefits of LOCs?

These LOCs enable the recipient countries to set up developmental projects in a variety of sectors e.g. agricultural mechanization, rural electrification, power generation, power distribution, sugar, cement, mini-hydroplants, transportation-rail and road. These countries can acquire Indian equipment and technology, which are found to be appropriate, adaptive and affordable in Africa. To facilitate this process, Government of India/Exim Bank of India provide LOCs, on attractive credit terms. Indian project exporters/suppliers/service providers can obtain payment of eligible value from Exim Bank, without recourse to them, against negotiation of shipping documents/payment authorization by the LOC recipient overseas entities. LOC is a financing mechanism that provides a safe mode of non-recourse financing option to Indian project exporters/ suppliers/service providers.

It contributes to capacity building in countries where the projects are carried out, opens new market opportunities for Indian companies and generates goodwill for India.

SECTION II

GOVERNMENT OF INDIA'S TEAM-9 AND NEPAD INITIATIVES AND LOCs

Government of India and the eight (8) countries in West Africa, viz. Governments of Burkina Faso, Chad, Cote d'Ivoire, Equatorial Guinea, Ghana, Guinea Bissau, Mali, Senegal have set up a regional cooperation mechanism called Techno-Economic Approach for Africa-India Movement, known as Team-9. Under the Team-9 initiative, GOI provides LOCs through Exim Bank to Team-9 countries, to finance setting up of various projects by

Indian companies in those countries. Also, GOI provides LOCs through Exim Bank, under the NEPAD (New Partnership for Africa's Development) initiative of Africa, to finance setting up various projects by Indian companies, across Africa.

SECTION III

PROJECTS/CONTRACTS ALREADY APPROVED UNDER LOCS EXTENDED UNDER THE NEPAD/TEAM-9 PROGRAMME

Sl. No.	LOC Recipient Government	Credit Amount (US\$ mn.)	Project
1	Government of Chad	50.00	A cotton yarn plant A bicycle plant A steel billet plant and rolling plant mill (Under Modification) A plant for assembly of agricultural equipment (Under Modification)
2	Government of Ghana	60.00	Design & build the seat of Govt & presidency, Ghana Electrical Equipment and for Rural Electrification.
3	Governments of Mali and Senegal	27.70	Supply of 38 New Meter Gauge Railway Coaches with maintenance spares. Supply of 3 Newly Manufactured 2300 hp diesel locomotive with maintenance spare. Supply of 1 Locomotive & 12 Coaches.
4	Government Of Mali	27.00	Rural electrification. Tractor Assembly Plant Machinery & Tractor Assembly Plant.

5	Government of Côte d'Ivoire	26.80	Export of Tata Buses. Vegetable Oil processing Unit. Cashew Nut processing Unit. Plants for i) Chips-making & Packing ii) Liquid sugar. iii) Starch Making.(Cassava)
6	Government of Senegal	27.00	Pump sets for Irrigation
7	Government of DR Congo	33.50	Buses, spare parts, Tools
8	Government of Gambia	6.70	500 Tractors with spares and assembly.

SECTION IV

AN ACTIVITY FLOW-CHART ON PROCEDURES FOR APPROVAL OF AN LOC, APPROVAL OF INDIVIDUAL PROJECTS/CONTRACTS, DISBURSEMENTS

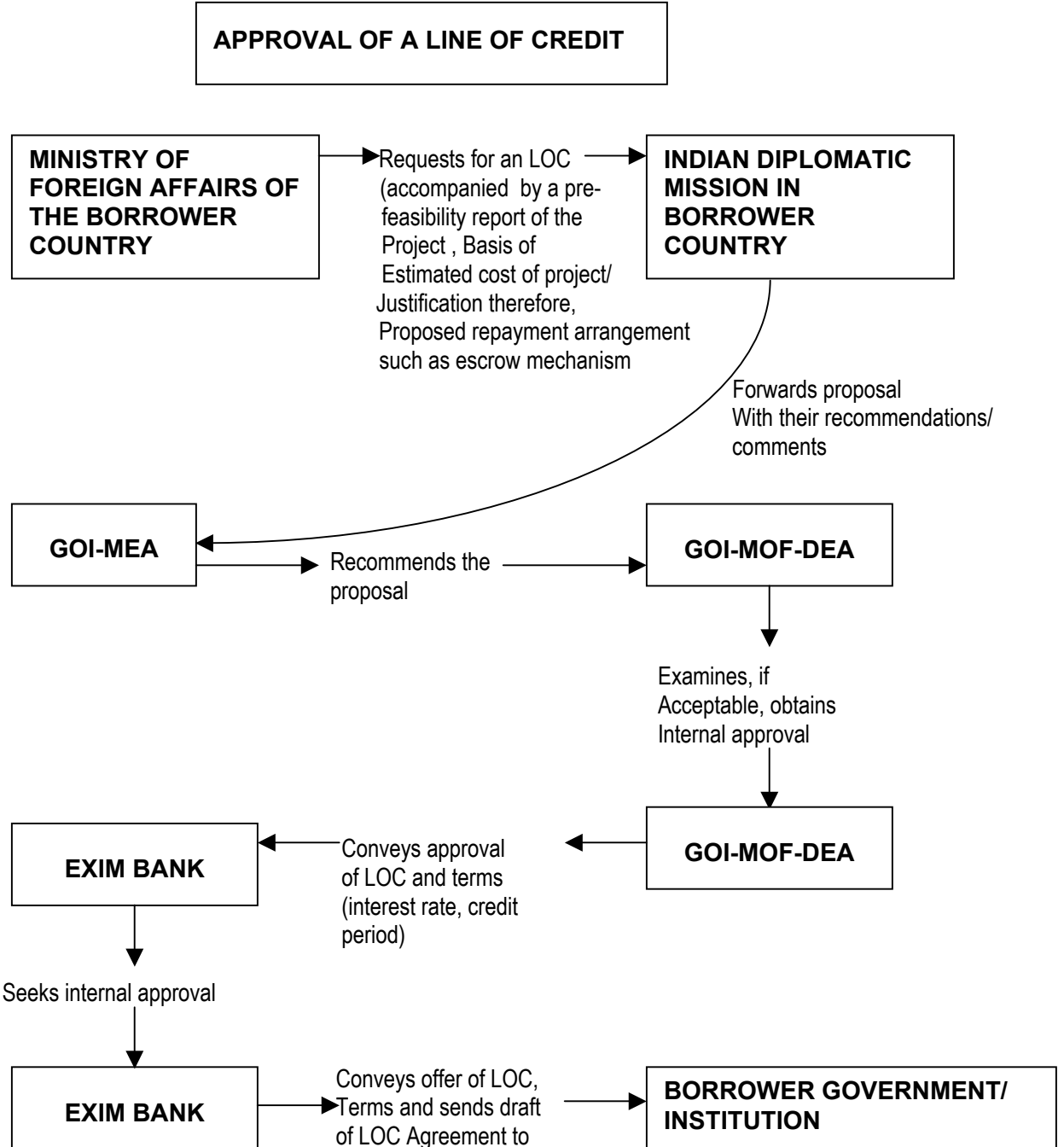
What are the Steps Involved?

The steps involved in utilizing the LOCs are as follows:

- I Approval of a Line of Credit (LOC)
- II Signing of LOC Agreement and making the Agreement effective.
- III Approval of Projects/Contracts under the LOC.
- IV Signing of Individual Credit Agreement (where applicable)
- V Disbursements

Activity Flow-charts

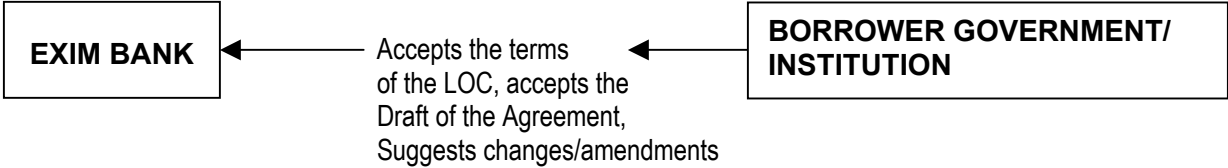
Detailed Activity Flow-charts covering the above steps involved in the utilization of the LOC are given herebelow:



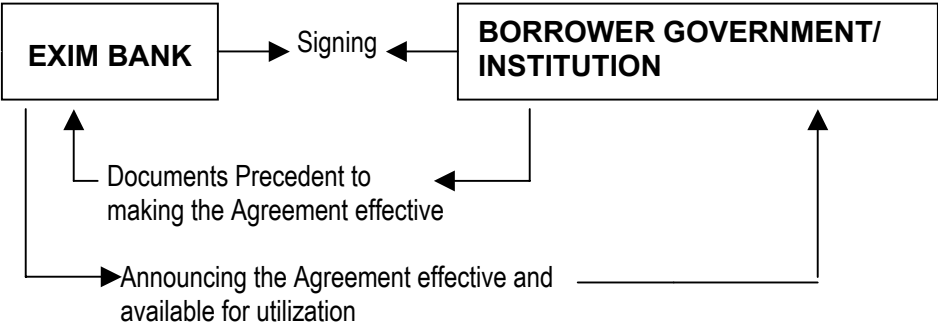
Legends: GOI: Government of India
 DEA : Department of Economic Affairs
 LOC: Line of Credit

MOF: Ministry of Finance, Government of India
 MEA: Ministry of External Affairs, Government of India

**SIGNING OF LOC AGREEMENT
AND MAKING THE AGREEMENT EFFECTIVE**



The draft of Agreement is finalized

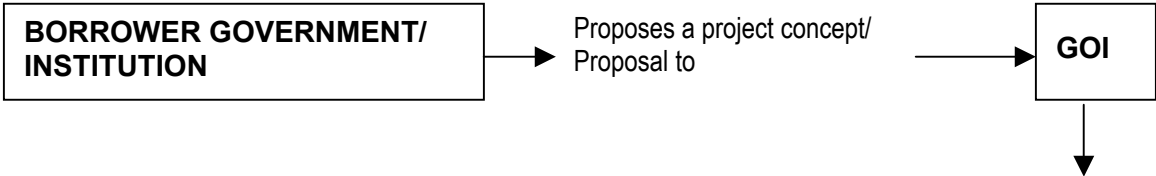


**APPROVAL OF CONTRACTS/PROJECTS
UNDER THE LOC**

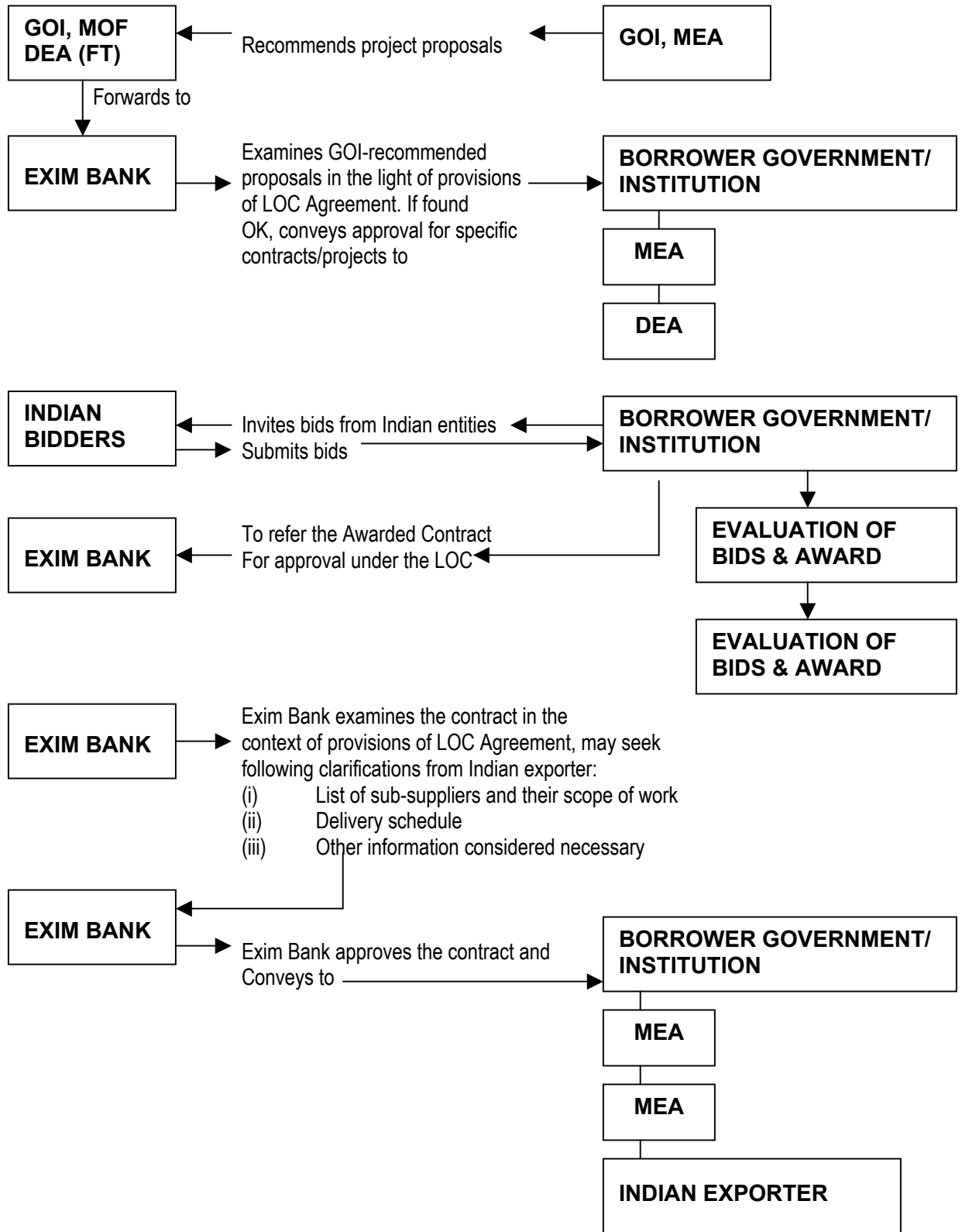
Scenario I Projects/Contracts identified prior to approval of LOC/signing of LOC Agreement. MOF-DEA approval letter will state these projects.

Scenario II Projects/Contracts not identified prior to approval of LOC/signing of LOC Agreement.

PROCEDURE FOR APPROVAL OF CONTRACTS



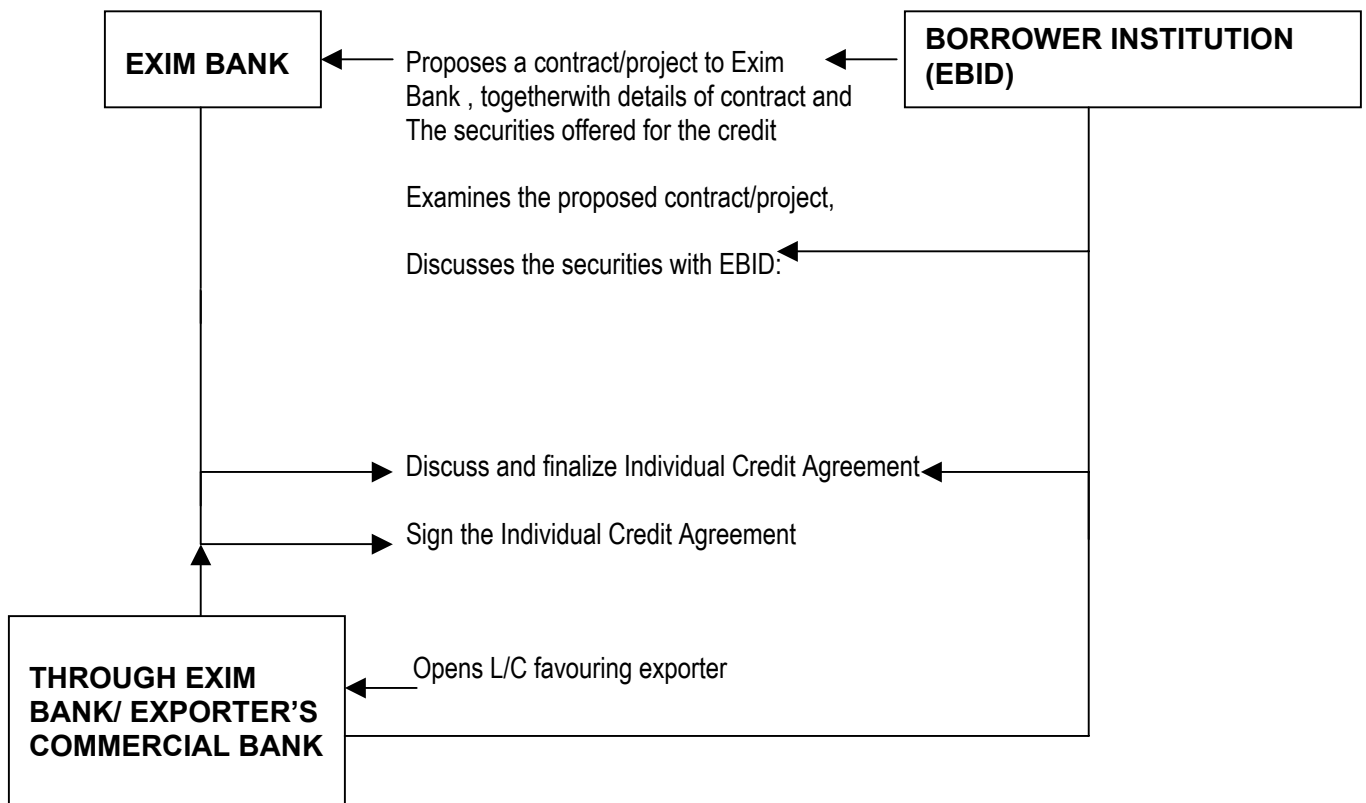
Guidelines for evaluating projects/contracts under LOCs which may be considered by LOC recipient Government/Agency are given in **Section V**.



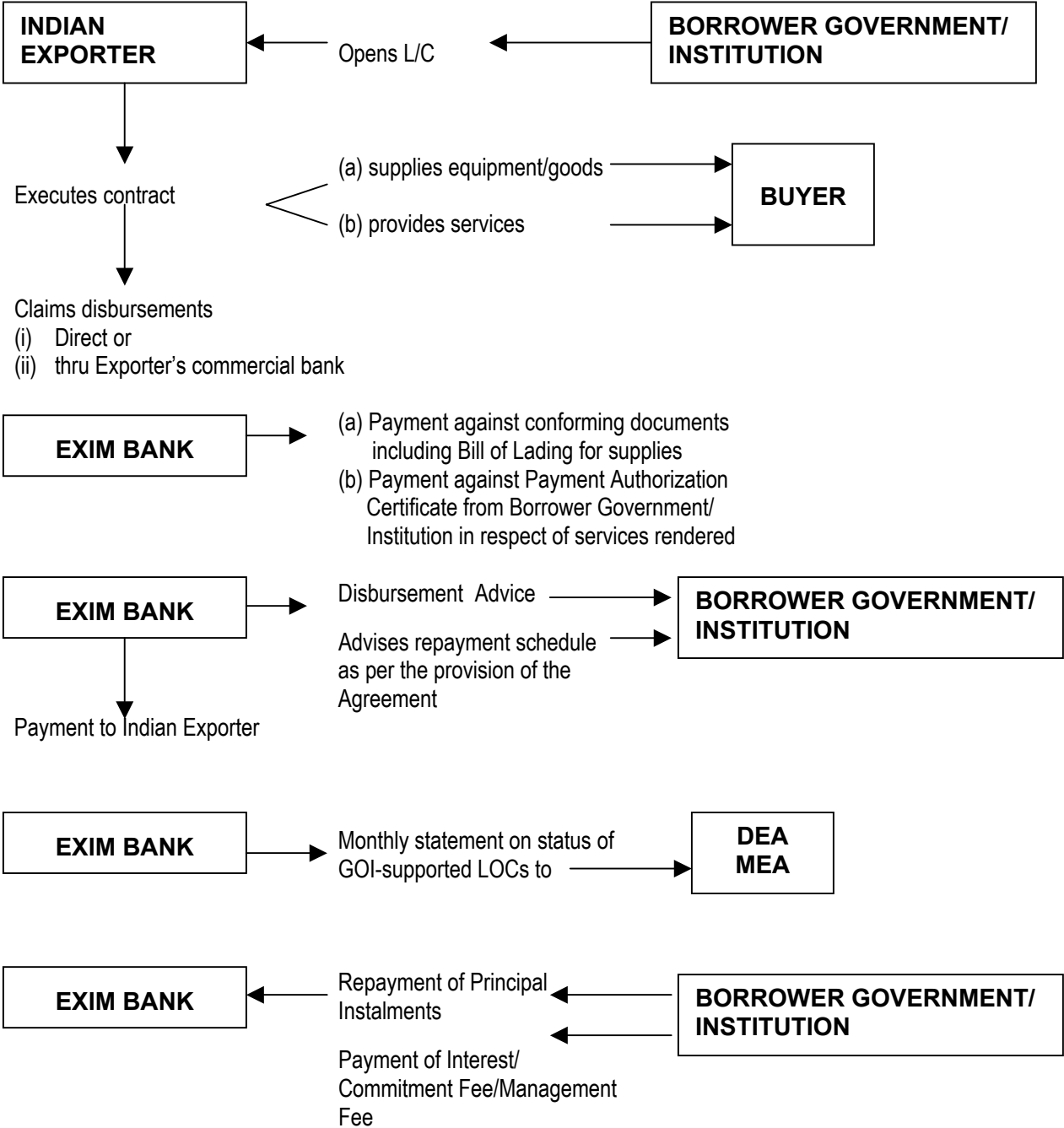
Legends: MEA: Ministry of External Affairs, Government of India
 DEA(FT): Department of Economic Affairs (Foreign Trade), MOF, GOI

**ADDITIONAL PROCEDURE FOR CONTRACT APPROVAL
IN CASE OF LOC OF USD 250 MN TO EBID**

**SIGNING OF INDIVIDUAL CREDIT
AGREEMENT BETWEEN EXIM BANK OF
INDIA AND ECOWAS BANK FOR
INVESTMENT AND DEVELOPMENT (EBID)**



**DISBURSEMENT
PROCEDURE**



SECTION V

BROAD GUIDELINES FOR EVALUATING PROJECT PROPOSALS

The LOC recipient Governments/nominated agencies, while evaluating specific projects for being financed under the LOCs, will accord preference for the projects that take into account the following factors:

1. Transparent selection process of Indian company that would implement the project. The recipient Government could either do a value-for-money audit to ensure that it gets a competitive price or it could go in for a competitive bidding process. The LOC recipient Governments/nominated agencies could seek assistance of Confederation of Indian Industry (CII)/Exim Bank in identifying reputed companies for a particular project.
2. Where the host country, executing agency and the Indian project exporter are willing and the successful running of the project so warrants, a joint venture is envisaged, wherein the Indian project exporter takes an equity stake in the project.
3. All project proposals are accompanied by a pre-feasibility report where considered desirable and with the concurrence of the LOC recipient Government/ nominated agency, the services of Global Procurement Consultants Ltd. (GPCL), Mumbai (Procurement Consultants) will be enlisted. GPCL's fee will be debited to the LOC Account, with the consent of the LOC recipient Government/nominated agency. GPCL would prepare a pre-feasibility report within a reasonable period from the date of the receipt of the request. Its consultancy fee for preparing the pre-feasibility report shall not exceed 1 per cent for projects under US\$ 25 million, 0.75 per cent for projects over US\$ 25 million and upto US\$ 75 million and US\$ 0.50 per cent for projects over US\$ 75 million.
4. Projects envisage creation of physical assets on the ground in the host country.
5. Projects are likely to create long term economic cooperation between India and the recipient country.
6. Where proposals envisage acquisition of equipment or products (e.g. transport vehicles, machinery, tractors, pumps) as opposed to turnkey/construction projects, contracts are awarded direct to the original equipment manufacturers in India.
7. In case of turnkey projects, aspects such as maintenance, after-sales service, training is built in the proposal, when required and possible.
8. The LOC recipient Government would ensure that civil infrastructure for the project is in place.
9. Pre-shipment inspection of equipment/ goods is mandatory.

Note:

While the above guidelines, which are aimed at assisting LOC recipient Governments/nominated agencies in the procurement of projects/equipment/goods/services from India, may be followed, as and where feasible, it is to be clearly understood that the liability of the borrower/recipient of the LOC, for repayment of principal instalments and payment of interest and other dues under the LOCs, to Exim Bank, is absolute and irrevocable and is in no way linked to repayment/payment by sub-borrowers or to the completion of projects/contracts covered under the LOCs, or subsequent operation thereof.