



**Buyer's Credit under NEIA:**  
*A Unique Programme to Support  
Project Exports from India*

## Objective

*The Export-Import Bank of India was established “for providing financial assistance to exporters and importers, and for functioning as the principal institution for co-ordinating the working of institutions engaged in financing export and import of goods and services with a view to promoting the country's international trade ...”*

*The Export-Import Bank of India Act, 1981*



**India Exim Bank's  
Buyer's Credit  
under the National Export Insurance Account  
Programme  
*Salient Features***

**October 01, 2020**

## **Introduction**

Almost four decades ago, in 1982, the Government of India launched a new institution in the form of **Export-Import Bank of India (India Exim Bank)**, with a mandate to enhance exports and integrate India's international trade and investment with its economic growth.

While the mandate was demanding, what really set the Bank apart was the strategy adopted to fulfil it, which essentially involved introduction of innovative products and services and proactive adaptation to new challenges.

Commencing operations as a purveyor of export credit, India Exim Bank today plays an important role in partnering Indian industries in their globalisation efforts through a comprehensive range of financing and advisory support programmes encompassing all stages of the export business cycle.

India Exim Bank has played a pioneering role in promoting project exports from India and has been actively encouraging Indian firms to participate in overseas project opportunities. With India Exim Bank's support many Indian companies have been executing projects in overseas markets.

The achievements of the past four decades provide a strong foundation to India Exim Bank from where it will continue to catalyse India's international trade and investment. The Bank is committed to go beyond traditional financing and facilitate exports of a variety of products and services which have the potential to go overseas, by creating a niche for them in the international market.

This brochure is about one of the principal lending programmes of India Exim Bank viz. Buyer's Credit under the National Export Insurance Account (BC-NEIA) Programme, and is for dissemination of information to various Indian Project Exporters (IPEs), as also prospective overseas Borrowers viz. Foreign Governments or their nominated government-owned entities (parastatal agencies).

## Background

India Exim Bank is the coordinator and facilitator for the promotion of project exports. The Bank plays a pivotal role in supporting Indian companies in execution of projects by offering both funded and non-funded facilities for overseas turnkey projects, civil construction contracts, supplies as well as technical and consultancy service contracts. Project exports from India have been increasing steadily over the years, indicating the growing stature of Indian expertise overseas in a wide range of activities, and upward movement in the value chain of its export performance.

Project exports are broadly divided into four categories:

- **Civil construction:** Construction projects involve civil works, steel structural work and erection of utility equipment; and include projects for building dams, bridges, airports, railway lines, roads, apartments, office complexes, hospitals or hotels.
- **Turnkey:** Turnkey projects involve supply of equipment along with related services and cover activities from the conception stage to the commissioning of a project. Typical examples of turnkey projects are: supply, erection and commissioning of boilers, power plants, transmission lines, sub-stations, plants for manufacture of cement, sugar, textiles, chemicals and desalination plants.
- **Consultancy Services:** Services contracts, involving provision of know-how, skills, personnel and training and operations and maintenance are categorised as consultancy projects. Typical examples of services contracts are: project implementation services, management contracts for industrial plants, hospitals, hotels, oil exploration, charter hire of rigs and locomotives, supervision of erection of plants, and IT solutions and systems.
- **Supplies:** Supply contracts involve primarily the export of capital goods and industrial manufactures. Illustrative cases of supply contracts are: supply of stainless steel slabs and ferro-chrome manufacturing equipment, diesel generators, pumps, compressors and vehicles.

### **Buyer's Credit under NEIA Programme**

In order to provide further impetus to project exports from India, especially in the infrastructure sector, India Exim Bank, in April 2011, in conjunction with ECGC Ltd. (ECGC), introduced a new product / initiative, viz. *Buyer's Credit under Government of India's National Export Insurance Account (BC-NEIA) Programme*, under which the Bank finances and facilitates project exports from India.

BC-NEIA Programme is a unique financing mechanism that provides a safe mode of non-recourse financing option to Indian Project Exporters (IPEs) and serves as an effective market entry tool to traditional as well as new markets in developing countries, which need deferred credit on medium or long term basis.

NEIA is a Trust, set up by the Ministry of Commerce and Industry (MOCI), Government of India (GOI), for providing medium to long term export credit insurance cover for promoting project exports from India, and administered by ECGC.

India Exim Bank also extends medium term Buyer's Credit to overseas Borrowers without NEIA cover to finance the export of capital goods, plant and machinery, industrial manufactures, consumer durables and any other items eligible for being exported under the 'Foreign Trade Policy' of the GOI.

### **Supporting Project Exports**

The IPE, under the BC-NEIA Programme, is backed by a tailored financing package that meets the funding needs of the project, without impacting their balance sheet. Consequently, while the IPE remains responsible for timely and satisfactory execution of the project, it is free from commercial and political risks arising out of the financing.

BC-NEIA facility is extended by India Exim Bank to the overseas Sovereign governments and their nominated government-owned entities (Parastatal agencies) backed by a sovereign guarantee of the respective overseas government. The NEIA, through ECGC, provides cover for the BC-NEIA facility. Presently, 91 countries have been identified by ECGC under the positive list of countries under the BC-NEIA Programme (*current list as placed at Annexure-I*). The

list could be suitably expanded/modified on receipt of credit requests for projects from other countries/IPEs, subject to the approval from the competent authorities.

### **Eligibility and Mechanism**

The eligibility of the project for coverage under the BC-NEIA Programme, inter alia, centres around (i) country risk perception, (ii) track record and sound financials of the IPE and overseas Borrower, and (iii) conformity with the Reserve Bank of India's Memorandum of Instructions on Project and Service Exports. It is envisaged that IPEs of repute with good track record will be supported under the Programme.

The amount of the loan is generally not more than 85% of the contract value, with the balance being brought in by the overseas Borrower as advance or down payment. Higher credit amounts can be considered on a case to case basis, subject to approval of the competent authority. The interest rate is linked to India Exim Bank's cost of funds plus a spread. The credit period would usually be 8 to 20 years, with supply contract up to 8 years. Longer credit periods may be considered on merits of the proposal, on a case to case basis, subject to NEIA cover being available for such tenor. The security includes a sovereign guarantee of the borrowing country, where the borrower is other than the Ministry of Finance of the borrowing country, and any other security as may be stipulated on a case-to-case basis.

The project is placed for the approval of the Committee of Directions (COD) under the Department of Commerce, MOCI, GOI for export credit insurance cover under NEIA Programme. India Exim Bank extends the BC-NEIA facility directly to the overseas Borrower without recourse to the IPE.

Interested Indian companies may contact the Project Exports Group ([bcneia@eximbankindia.in](mailto:bcneia@eximbankindia.in)) of India Exim Bank for obtaining a letter for expression of interest / in-principle commitment. Such a letter(s) is only an indication of interest to assist in bid submission and should not be considered as an assurance of credit facilities and is without any legal binding to India Exim Bank. A firm sanction letter may be issued after award of the contract and after satisfactory completion of due diligence by the Bank. The broad terms and conditions and indicative steps to be followed under the Programme are placed below.

## **Broad Terms and Conditions**

Programme	Buyer's Credit under Government of India (GOI)'s National Export Insurance Account (BC-NEIA) Programme
Eligible Borrowers	Sovereign governments and their nominated government-owned entities (parastatal agencies) for financing their imports of eligible goods and services from India on deferred payment terms.
Eligible Goods	Project Exports from India
Eligible Indian companies	Indian Project Exporters (IPEs) with satisfactory track record, sound financials and of good repute.
Quantum of Credit	The Buyer's Credit would generally not cover more than 85% of the contract value, with the balance being brought in by the Borrower as advance or down payment. Higher credit amount can be considered on case to case basis and subject to approval of the competent authority.
Rate of Interest	<p>The interest rate payable by eligible overseas Borrowers under the Programme will have a tenor linked pricing. The current rates are as follows:</p> <ul style="list-style-type: none"><li>• LIBOR (6M) + 1.25% p.a. for tenor <math>\leq</math> 8 years;</li><li>• LIBOR (6M) + 1.50% p.a. for tenor of &gt;8 - 12 years;</li><li>• LIBOR (6M) + 1.75% p.a. for tenor of &gt;12-15 years; and</li><li>• LIBOR (6M) + 1.85% p.a. for tenor of &gt;15-20 years (<i>interest rates will be reset/reviewed after 10 years from the date of first drawdown</i>)</li></ul> <p>These rates will be subject to review by India Exim Bank on annual basis or as may be required by the Bank.</p>
Differential Interest and Charges / Fees	A suitable Differential Interest, being determined by India Exim Bank, is currently being borne by the overseas Borrower /IPEs (as may be decided on a case to case basis). Additionally, the current schedule of charges to be borne by the IPE is as placed at <b><u>Annexure-II</u></b> of the booklet.
NEIA Insurance Premium	Insurance Premium for the NEIA's Comprehensive Risks Cover policy shall be borne by IPE/Borrower, as may be mutually agreed. The premium rate is subject to EGCG country



	classification and the tenor of the loan. The current slabs of NEIA Insurance Premium are as placed at <i>Annexure-III</i> of the booklet.
Tenor / Repayment Period	Credit period would usually be 8 to 20 years, with up to 8 years for supply contracts. Longer credit period will be considered based on the merits of the proposal, on a case to case basis subject to NEIA cover being available for such tenor.
Security	<ul style="list-style-type: none"> <li>• Sovereign guarantee of the borrowing country in the event the borrower is other than the Ministry of Finance of the borrowing country.</li> <li>• Any other security as may be stipulated on a case-to-case basis.</li> </ul>
Nature of Projects to be covered under the Programme	<p>Projects covering sectors, where Indian companies have established expertise, would be covered for support under the Scheme. Such sectors may, among others, include:</p> <ul style="list-style-type: none"> <li>❖ Power (generation, transmission, distribution), covering thermal, hydro, solar and wind;</li> <li>❖ Transportation [(i) Railways (including rail lines, bridges, signalling, rolling stock); (ii) Roads (including flyovers and bridges, toll plazas); (iii) Vehicles and related equipment (including heavy commercial vehicles, passenger vehicles)];</li> <li>❖ Capital and engineering goods;</li> <li>❖ Housing, hospitals and related civil infrastructure; and</li> <li>❖ Water (treatment, distribution, sanitation, irrigation).</li> </ul>
Eligible Countries	ECGC's positive list of countries under BC-NEIA Programme. The list could be suitably expanded / modified on receipt of credit requests for projects from other countries/IPEs.
Lender's engineer	A lender's engineer may be appointed for projects financed under BC-NEIA Programme. The lender's Independent engineer would provide the Bank with relevant inputs / information pertaining to the projects, inter alia, covering progress of the project, risks associated with the project, use of funds, etc. The cost of the lender's engineer will be borne by the Exporter, India Exim Bank or the Borrower, as may be applicable and mutually agreed.
Indian Content	Goods and services for minimum 75% of the value of the credit facility amount must be of sourced from India. A further

	relaxation may be considered for exceptional reasons, especially in cases of Engineering, Procurement and Construction (EPC) projects having civil construction.
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**Indicative Steps to be followed**

- i) The Indian Project Exporter (IPE) approaches India Exim Bank to seek support under the BC-NEIA Programme and terms thereof.
- ii) India Exim Bank conducts preliminary due diligence and conveys in-principle approval along with indicative terms. IPEs with satisfactory track record, sound financials and of good repute are considered for support under the BC-NEIA Programme.
- iii) Once the contract is secured and signed between the IPE and the Overseas Buyer, India Exim Bank conducts a detailed review and obtains necessary internal approvals.
- iv) India Exim Bank approaches the Committee of Directions (COD) under MOCI, GOI. The COD, based on merits of the proposal, considers approval of the proposal for coverage under NEIA Programme.
- v) ECGC, upon approval of the COD for export credit insurance cover under NEIA Programme, conveys approval along with the premium rate.
- vi) Negotiation and finalisation of terms of the Buyer's Credit Agreement.
- vii) India Exim Bank accords approval of Buyer's Credit to the Overseas Borrower.
- viii) India Exim Bank may consider appointing a Lender's Engineer for projects, as per the policy of the Bank.
- ix) India Exim Bank and the Overseas Borrower sign the Buyer's Credit Agreement, and the overseas government issues the sovereign guarantee in the event the borrower is other than Ministry of Finance of the borrowing country.
- x) India Exim Bank and the NEIA Trust (administered by ECGC) sign the Comprehensive Risks Cover Policy for the Buyer's Credit.
- xi) India Exim Bank makes disbursement of eligible amount under the contract to the IPE under the BC-NEIA facility upon receipt of acceptable shipping documents as stipulated under a Letter of Credit and / or payment authorisation from the Overseas Borrower.
- xii) On due dates and till maturity of the loan (until full repayment), the Overseas Borrower pays interest and principal dues and related charges under the loan, as per the terms and conditions of the loan sanctioned.

**Annexure-I****ECGC's Positive List of Countries for Buyer's Credit under NEIA (as of 01.10.2020)**

Sr. No.	Country	ECGC Rating	Sr. No.	Country	ECGC Rating
1	Afghanistan	C1	28	El Salvador	B1
2	Algeria	B1	29	Ethiopia	B2
3	Angola	B2	30	Equatorial Guinea	C1
4	Argentina	B1	31	Gabon	B1
5	Bahamas	B1	32	Georgia	B2
6	Bangladesh	A2	33	Ghana	B1
7	Barbados	B2	34	Republic of Guinea	B2
8	Belarus	C1	35	Guatemala	B1
9	Belize	B2	36	Guyana	B1
10	Benin	B1	37	Haiti	B2
11	Bhutan	A2	38	Honduras	B1
12	Bolivia	A2	39	Indonesia	A2
13	Botswana	A2	40	Iran*	B2
14	Brazil	B1	41	Iraq	C2
15	Burkina Faso	B2	42	Jordan	B2
16	Cambodia	B1	43	Kazakhstan	B1
17	Cameroon	B2	44	Kenya	B1
18	Chile	A2	45	Kuwait	A2
19	Colombia	B1	46	Lao PDR	B1
20	Republic of Congo (Brazzaville)	C1	47	Latvia	A2
21	Costa Rica	A2	48	Lesotho	B1
22	Cote d'Ivoire	B1	49	Liberia	B2
23	Cuba	B2	50	Libya	C1
24	Djibouti	A2	51	Macedonia	B1
25	Dominican Republic	A2	52	Madagascar	B1
26	Ecuador	B1	53	Malawi	B2
27	Egypt	B1	54	Maldives	A2

55	Mali	C2		74	Russia	A2
56	Mauritius	A2		75	Rwanda	B1
57	Mauritania	B1		76	Senegal	A2
58	Mexico	A2		77	Sierra Leone	B2
59	Moldova	C1		78	Sri Lanka	B1
60	Mongolia	B2		79	Suriname	B1
61	Morocco	B1		80	Syria	D
62	Mozambique	C1		81	Tanzania	B1
63	Myanmar	C1		82	Togo	B1
64	Namibia	B1		83	Trinidad & Tobago	A2
65	Nepal	A2		84	Tunisia	C1
66	Nicaragua	B2		85	Uganda	B1
67	Nigeria	B2		86	Ukraine	C2
68	Panama	A2		87	Uruguay	A2
69	Papua New Guinea	B2		88	Uzbekistan	B2
70	Paraguay	A2		89	Vietnam	A2
71	Peru	A2		90	Zambia	B2
72	Philippines	A2		91	Zimbabwe	D
73	Romania	A2				

\*Credit will be denominated in Indian Rupees. Interest rates to be advised on a case to case basis.

**Note:**

*The above list could be suitably expanded / modified on receipt of credit requests for projects from other countries/Indian Project Exporters, subject to the approval of the competent authorities. Updates, if any, will be available at [www.eximbankindia.in](http://www.eximbankindia.in)*

**Schedule of Charges (to be borne by the Indian Project Exporter) under Buyer's Credit under NEIA**

1. Indicative Term Sheet (ITS)/Expression of Interest (Eol) Issuance/Extension

ISSUANCE		
Project Size	Validity of the TS / Eol	Issuance Fee in INR
≤ USD 100 mn equivalent	For a maximum period of 6 months	5,00,000.00
>USD 100-150 mn		6,00,000.00
>USD 150 mn		8,00,000.00
<b>EXTENSION#</b>		50,000.00

# *The Indian Project Exporter (IPE) should write to the Bank before the expiry of the ITS/Eol, or else the TS/Eol shall deem to be cancelled. The TS/Eol will be further reissued at the request of the IPE after the payment of the requisite fees for fresh Issuance.*

❖ *Fees are non-refundable*

2. Addendum to the Commercial Contract and the approval thereon- **INR 2,00,000/- per Addendum.**
3. Document Handling Charges from the IPE- **0.20% of the value of each disbursement.**
4. Courier charges applicable to the IPE for forwarding export documents- **minimum of INR 5000 equivalent, to be charged with each disbursement.**
5. Documentation/ Legal fees (one time) - **INR 5,00,000/- or as per actuals.**
6. Any other charges which may be applicable from time to time.

*(Plus applicable taxes for the above charges)*

**NEIA INSURANCE PREMIUM**

	Premium rate in % (for 100% coverage of Principal)			Premium rate in % (for 150% coverage of principal)		
	ECGC Country Classification			ECGC Country Classification		
Tenor of cover (years)	A1 & A2	B1 & B2	C1, C2&D	A1 & A2	B1 & B2	C1, C2&D
5	1.60	2.40	2.80	2.40	3.60	4.20
6	1.64	2.46	2.87	2.46	3.69	4.31
7	1.68	2.52	2.94	2.52	3.78	4.41
8	1.72	2.58	3.01	2.58	3.87	4.52
9	1.76	2.64	3.08	2.64	3.96	4.62
10	1.80	2.70	3.15	2.70	4.05	4.73
11	1.84	2.76	3.22	2.76	4.14	4.83
12	1.88	2.82	3.29	2.82	4.23	4.94
13	1.92	2.88	3.36	2.88	4.32	5.04
14	1.96	2.94	3.43	2.94	4.41	5.15
15	2.00	3.00	3.50	3.00	4.50	5.25
16	2.04	3.06	3.57	3.06	4.59	5.36
17	2.08	3.12	3.64	3.12	4.68	5.46
18	2.12	3.18	3.71	3.18	4.77	5.57
19	2.16	3.24	3.78	3.24	4.86	5.67
20	2.20	3.30	3.85	3.30	4.95	5.78

Insurance premium on the interest component would be payable at 1% p.a., on an annual basis.

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