

GUIDELINES FOR LENDING INSTITUTIONS FOR SUPPORT FOR EMERGING EXPORT OPPORTUNITIES

In pursuance of Trade Notice No. 32/2025-26 dated 6 March 2026, issued by the Directorate General of Foreign Trade (DGFT), Ministry of Commerce & Industry, Government of India, regarding the launch of Support for Emerging Export Opportunities under Export Promotion Mission (EPM) – NIRYAT PROTSAHAN, and in terms of Annexure-IV thereof, the following Guidelines for Lending Institutions are hereby issued by the Export-Import Bank of India (Exim Bank) for operationalisation of the said intervention.

1. Definitions

- a. “Confirming Bank” means the bank that adds its confirmation to a letter of credit/trade instrument upon the issuing bank’s authorisation or request.
- b. “Exim Bank” means the Export-Import Bank of India, established under the Export Import Bank of India Act, 1981.
- c. “Issuing Bank” means the bank that issues a letter of credit/trade instrument at the request of an applicant or on its behalf.
- d. “Partner Bank / Lending Institution” means a scheduled commercial bank which is associated with Exim Bank under Trade Assistance Programme.
- e. “Letter of Credit” (LC) means any arrangement, however named or described, that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honour a complying presentation as defined in UCP 600.
- f. “Negotiating bank” means the bank the negotiates the documents under letter of credit/trade instrument.
- g. “Reimbursing Bank” means the bank instructed or authorized to provide reimbursement pursuant to a reimbursement authorization issued by the issuing bank.
- h. “UCP 600” means the latest revision of the Uniform Customs and Practice that govern the operation of letters of credit.
- i. "Usance Payable at Sight"(UPAS) means a letter of credit which is the combination of Usance LC and Sight LC. A UPAS LC is a standard type of LC that is governed by the International Chamber of Commerce (ICC) publication No. 600, which outlines the Uniform Customs and Practice for Documentary Credits

j. "URR 725" means the Uniform Rules for Bank-to-Bank Reimbursements under Documentary Credits ("rules"), ICC Publication No. 725, shall apply to any bank-to bank reimbursement when the text of the reimbursement authorization expressly indicates that it is subject to these rules.

k. "NCGTC" means National Credit Guarantee Trustee Company Limited set up on March 28, 2014, by the Government of India to act as the Trustee to operate various Credit Guarantee Funds/Trusts, set up/to be set up by the Government of India from time to time.

l. "Trust" means the Emerging Export Opportunities Trust to be set up by the Government of India with the purpose of guaranteeing credit facility(s), extended by the Member Lending Institution(s) to the Eligible Borrowers under this Intervention.

2. Mechanisms under the Intervention through Exim Bank

a. The Intervention offers partial or full support for risk of non-payment to partner banks to enhance access to trade finance for exports in overseas markets. The various nonrecourse credit mechanisms offered under this Intervention are:

- a. Stand by letter of credit
- b. Risk Participation (RP)
- c. Irrevocable Reimbursement Undertaking (IRU)
- d. LC Confirmation
- e. LC Negotiation
- f. UPAS LC

b. The Trust reserves the discretion to accept or reject any proposal referred under the Intervention, which otherwise satisfies the norms of the Intervention.

3. Goods not eligible under the Intervention

a. Goods and services that are prohibited for exports under Schedule-II (Export Policy) of ITC(HS), 2022.

b. Transactions involving countries under sanctions such as those under the FATF Blacklist and United Nation sanctions, read with Para 2.16 to para 2.20 of the Foreign Trade Policy 2023.

c. Production or trade in any product or activity deemed illegal under host

country laws or regulations or international conventions and agreements.

d. Trade in wildlife or wildlife products regulated under CITES, Production or trade in radioactive materials, Production or trade in pesticides/herbicides subject to international phase outs or bans, Production or trade in ozone depleting substances subject to international phase out., Production or trade in wood or other forestry products, Production or trade in weapons and munitions, or other Restricted Export Categories shall be permitted subject to the requisite Conditions as defined under the Export Policy, ITC(HS) 2022 and other related Acts and Rules.

4. Documentation to be executed by Partner Bank

a. Master Risk Participation Agreement (MRPA): The existing agreements between the Exim Bank and Partner Banks under Trade Assistance Programme shall also be applicable for Support for emerging export opportunities. Risk Participation begins when an Offer & Acceptance (O&A) is received by Exim Bank from a partner bank in the format prescribed under the MRPA, requesting participation in respect of an eligible instrument. Risk Participation shall be up to 90% of the underlying document value.

b. Confirming Bank Agreement (CBA): The existing agreements between Exim bank and the confirming banks under Trade Assistance Programme shall also be applicable for Support for emerging export opportunities. SBLC and IRU mechanisms shall be covered by this agreement.

5. Sanction Process

a. The partner bank will negotiate the terms of trade finance instrument with the MSME and apply to Exim Bank for cover.

b. Exim Bank shall undertake necessary due diligence for coverage. Exim Bank will set limits on LC issuing banks/ institutions based on a Comprehensive Risk Model considering the Country Risk Exposure Limit and Credit Risk Model of the issuing banks/ institutions. Based on the due diligence and assessment on the risk model, and upon satisfactory review, Exim Bank shall advise in-principal approval.

c. EXIM Bank would provide in-principal approval within three working days, and NCGTC would issue the guarantee within one working day upon receipt of a

complete proposal, resulting in an overall targeted turnaround time of four working days.

d. After in-principal approval, Exim Bank shall request for cover from NCGTC based on the risk categorisation and the corresponding risk-sharing percentage defined in the scheme guidelines. NCGTC shall review the request for conformity with the scheme guidelines and accordingly convey approval within one business day.

e. Upon approval by NCGTC, Exim Bank shall extend up to 100% cover for eligible instruments to the partner banks, as per the provisions of the agreements executed with partner banks and in line with internationally accepted documentary credit standards. On the same business day, Exim Bank shall receive the guarantee cover from NCGTC.

f. The fee for risk cover shall be guided by the respective documents signed or entered with partner banks. Exim Bank will transfer the fees to the NCGTC pro-rata to its guaranteed portion.

g. The processes under the various mechanisms are guided by internationally accepted documentary credit standards such as UCP 600, ISBP 745, and URR 725, which collectively govern the examination of documents, reimbursement procedures, and operational practices in trade finance. These mechanisms are further guided by the RBI and FEMA guidelines, ensuring they are in full compliance with procedural requirements and prudential norms.

6. Responsibilities of Partner Banks

The responsibilities of the partner banks shall be governed by the terms and conditions specified in the MRPA or CBA, including adherence to the agreed-upon processes, fulfilment of documentation and reporting requirements, observance of timelines, and compliance with all operational and risk-sharing obligations outlined therein.

7. Risk Participation Fee

a. The pricing for any transaction is based on a combination of quantitative and qualitative parameters, including the country risk profile, sovereign ratings and rankings, its market position, the tenor of the underlying instrument, historical performance and track record with both the exporter and the issuing bank, size of the transaction, and any adverse or material developments relating to the bank or

the jurisdiction concerned. The credit rating and overall risk profile of the exporter are also factored into the pricing assessment. These parameters collectively guide the determination of appropriate pricing in accordance with the risk appetite and internal credit evaluation framework under the Intervention.

b. The calculation of risk participation fee shall be guided by the respective documents signed or entered into with partner banks.

c. The risk participation fee corresponding to the score generated from the comprehensive risk model is provided in the table below. This shall be subject to periodic review by the Sub-Committee on Trade Finance.

Risk Category	Score Range	Fee as % (per annum)
Very High Risk	60-64*	2.50
	65-69	2.25
High Risk	70-74	2.00
	75-79	1.75
	80-84	1.50
Moderately High Risk	85-89	1.25
	90-94	1.00
Low Risk	95-97	0.75
	98-100	<0.5
*Transactions with a score below 60 will not be eligible for support.		

8. Extent of Risk Coverage

a. Exporter will receive confirmation to the extent of 100% of the value of the letter of credit under all mechanisms.

b. The risk covers to the partner banks are provided as follows:

Instrument	Risk Cover
SBLC	Up to 100% coverage of the underlying LC/trade instrument
RP	Up to 90% coverage of the underlying LC/trade instrument

IRU	Up to 100% coverage of the underlying LC/trade instrument
-----	---

9. Miscellaneous

a. The Sub-Committee on Trade Finance reserves to itself the right to modify, cancel or replace the Intervention however, that the rights or obligations arising out of, or accruing under risk coverage issued under the Intervention up to the date on which such modification, cancellation or replacement comes into effect, shall not be affected.

b. Notwithstanding anything contained herein, the Sub-Committee on Trade Finance shall have a right to alter the terms and conditions of the Intervention in regard to an account in respect of which risk coverage has not been issued as on the date of such alteration.

10. Risk Cover

Exim Bank may extend up to 100% cover for eligible instruments. Risk-sharing support by way of unconditional and irrevocable guarantee shall be extended to Exim Bank in the range of 10% to 80% of the transaction value, based on score determined from the comprehensive risk model, as illustrated below, with the balance risk covered by Exim Bank / partner bank. The risk coverage will be reviewed periodically by the Sub-Committee on Trade Finance.

Risk Category	Score Range	Cover under the scheme (%)
Very High Risk	60-64*	80
	65-69	75
High Risk	70-74	70
	75-79	60
	80-84	50
Moderately High Risk	85-89	40
	90-94	30
Low Risk	95-97	20
	98-100	10

*Transactions with a score below 60 will not be eligible for support.

11. Claim Settlement

- a. Exim Bank will settle the claim on invocation/ devolvement of the underlying trade instruments confirmed/ negotiated by Indian partner banks upon receipt of the documents as detailed in MRPA/CBA.
- b. Settlement of claim lodged by Indian partner banks will be in accordance with the terms of MRPA/ CBA.
- c. Upon receipt of such invocation/ devolvement, Exim Bank will also simultaneously serve the claim to the Trust to the extent of its risk participation. The settlement of claim by the Trust shall be completed within three business days.
- d. The Trust shall reimburse to Exim Bank its share of the Claim amount as per the agreed percentage of its risk participation.

These Guidelines shall come into force with immediate effect and shall remain in force until modified, amended, or withdrawn by Exim Bank.