

GOVERNMENT OF INDIA
MINISTRY OF EXTERNAL AFFAIRS
RAJYA SABHA
UNSTARRED QUESTION NO- 1675
ANSWERED ON- 13/03/2025

LINE OF CREDIT

1675. SHRI RAGHAV CHADHA

Will the Minister of EXTERNAL AFFAIRS be pleased to state :-

- (a) the details of number of line of credit along with their value issued to neighbouring and other countries;
- (b) the details of default in repayment of interest as well as principal amount by these countries, country-wise;
- (c) the details of provisioning made against the defaulted amount;
- (d) the details of preventive measure undertaken by Union Government against such default;
- (e) whether Union Government has any collateral or right of recovery of revenue on such projects; and
- (f) the amount of line of credit converted into grants?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS
(SHRI KIRTI VARDHAN SINGH)

(a to e) Government of India has offered more than 300 Lines of Credit (LOCs) worth around US\$ 32 billion to 68 countries across the world. India's development projects are spread across Asia, Africa, CIS, Latin America & Caribbean & Pacific Islands. They cover a wide range of sectors such as connectivity, education, health, agriculture, water, energy, construction, defence and security etc.

The LOCs are governed by the Indian Development and Economic Assistance Scheme (IDEAS) of Department of Economic Affairs, Ministry of Finance, Government of India, as amended from time to time. Government of India-supported LOCs are extended through a lending bank.

The LOC projects have served as strong enablers of 'Make-in-India' initiative; and have facilitated the process of Indian industry going global. They have been force multipliers, accelerating economic growth & development, promoting people-to-people contacts, and strengthening trade and commerce between India and its partner countries. They have been an important tool in India's foreign policy. India's developmental partnership is based on the needs and aspirations of its partner countries.

While debt servicing by borrowing countries under LOCs has been largely satisfactory, some countries in Africa and Latin Africa have been faced with debt distress issues. The COVID-19 pandemic accentuated the situation. India had to restructure some of the LOCs extended to these countries to ease their debt burden.

In March 2023, RBI directed Exim Bank of India to make provisions on delinquent/ restructured loans under the 'Income Recognition, Asset Classification and Provisioning' (IRACP) prudential norms. As a one-time measure, RBI stipulated that the total outstanding amount arrived on a notional basis, may be provisioned in a staggered manner, equally over a period of 3 years, starting from FY 2022-23 to FY 2024-25. Accordingly, MEA paid INR 4630.32 crores in 2022-23, and INR 3561.37 crores in 2023-24 to Exim Bank of India under Provisioning.

Government of India provides guarantee to Exim Bank of India for each LOC ensuring payment security. These guarantees have been invoked by the Exim Bank in the case of delinquent/restructured loans, resulting in Provisioning. Borrowing countries also offer sovereign guarantees.

Exim Bank of India is also required to remit to Government of India the amount received as repayments from Provisioned countries. So far, Exim Bank has remitted approximately INR 833 crore to Government of India in this regard.

Provisioning is done to ensure that there is no adverse impact on the books of Exim Bank due to regulator's directives. It does not have any implication for our ongoing bilateral development projects in partner countries. This does not, in any way, reduce the liability of the borrowing countries against the loans taken under Government of India LOCs.

(f) In October 2024, during the visit of External Affairs Minister of India to Colombo, extension of grant assistance to cover payments related to completed LOC projects of around US\$ 20.66 million was announced. Grant assistance to modernize Kankesanthurai port of around US\$ 61.50 million was also offered to finance the project which was earlier envisaged under a Government of India supported Line of Credit.

During the State Visit of the President of Sri Lanka to India in December 2024, extension of grant assistance of US\$ 14.9 million towards the railway signalling system from Maho to Anuradhapura Rail Section was announced. The project was earlier envisaged under a Government of India supported Line of Credit.
