

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:5038
ANSWERED ON:25.04.2003
AGREEMENT FOR A LINE OF CREDIT WITH PHILIPPINES
V. SAROJA

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether an agreement has been signed between Export-Import Bank of India and Philippines Trade and Investment Development Corporation for a line of credit upto 2 million dollars;
- (b) if so, the main features of this agreement;
- (c) whether this agreement would facilitate easier exports to Philippines; and
- (d) if so, the areas of export that would derive maximum benefits?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI RAJIV PRATAP RUDY)

- (a) Yes, Sir. An Agreement for a Line of Credit of US \$ 2 million from Export-Import Bank of India (EXIM Bank) to Trade & Investment Development Corporation of the Philippines (TIDCORP - also called 'PhilExim') was signed between the two institutions, on March 7 2003.
- (b) Under the LoC, importers based in Philippines, will make advance payment of 10% of contract value and credit will be provided by EXIM Bank for 90% of contract value to TIDCORP. EXIM Bank will reimburse Indian exporters on shipment of goods. Credit period will be upto 5 years.
- (c) Under the LoC, the Indian exporters do not carry any credit risk either on the overseas importers or on the importers' countries. While the importer pays 10% as advance payment, EXIM Bank pays to the Indian exporter, 90% of the contract upon shipment, without recourse to the exporter. This would, thus, help in facilitating Indian exports to Philippines.
- (d) Under the EXIM Bank's LoCs, any product permissible for export under the EXIM policy can be covered for being financed. Based on past trend of India's exports to Philippines, items like machinery & instruments, transport equipment, mineral fuels, chemicals, manufacture of metals, etc. hold good potential for export to Philippines.