

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1090

ANSWERED ON:22.07.2016

Loan to EXIM Bank

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Reserve Bank of India (RBI) has received any proposal from the Ministry of Commerce and Industry to use a part of forex reserves to give long-term loans at low interest rate to the EXIM Bank of India;
- (b) the details thereof along with the response of the Government/RBI thereon;
- (c) whether the Government is unwilling to give more capital to the EXIM Bank;
- (d) if so, the reasons therefor;
- (e) whether the EXIM Bank has sought relaxation of norms including a higher leverage ratio; and
- (f) if so, the details thereof along with the steps taken by the Government in this regard?

**Answer**

TO BE ANSWERED BY MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) & (b) Yes, Madam. Reserve Bank of India (RBI) was requested to earmark a portion of forex reserves to EXIM Bank for project export finance. RBI offered the unutilised amount under its limit of USD 5 bn sanctioned to the India Infrastructure Finance Company Limited (IIFCL) as a long term loan to EXIM Bank. However, IIFCL indicated to the RBI that it had committed the entire quantum of USD 5 bn to its borrowers and that there would not be any residual or unutilised amount which could be offered to EXIM Bank. With its sound financials and investment grade rating on par with the sovereign, EXIM Bank is currently able to command very competitive pricing in its foreign currency debt issues.

(c) & (d) An amount of Rs. 1300 crore was released to EXIM Bank by Government in 2015-16 as capital. This infusion of capital has increased the Net Owned Fund (NOF) and thereby enhanced the borrowing capacity of EXIM Bank. A provision of Rs. 500 crore has been made in the Budget 2016-17 as capital infusion in EXIM Bank.

(e) & (f) EXIM Bank had requested RBI for increasing the 'umbrella limit' (short term borrowings, such as Term Deposits, Term Money Borrowings, Commercial Papers, Certificates of Deposits and Inter Corporate Deposits) as a part of the total borrowing limit prescribed by the RBI under the Resource Raising Norm and relaxation of the leverage multiple of 10 times of the Bank's Net Owned Funds (NOF), for borrowings that can be raised by the Bank. RBI has permitted enhancement of the 'Umbrella Limit' from 100 percent of NOF to 150 per cent of NOF of the latest audited balance sheet.

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