**FAQs for TRADE ASSISTANCE PROGRAMME**

1. *What is Trade Assistance Programme?*

Trade Assistance Programme (TAP) facilitates acceptance of overseas bank’s instruments in India for settlement of the trade, which may otherwise not materialise in the absence of such support. Under TAP, India Exim Bank provides credit enhancement to trade instrument(s), thereby enhancing the capacity of commercial banks in India to support cross-border trade transactions, and also enable local banks in target countries in establishing working partnerships with large number of commercial banks in India.

1. *Who can avail the services of Trade Assistance Programme (TAP) of Exim Bank?*

Exporters from India, who are not in the caution list of Reserve Bank of India.

1. *What are the programmes and products offered by Exim Bank under TAP?*

(a) Issuance of SBLC (Irrevocable Standby Letter of Credit) in favour of the negotiating bank / confirming bank in India, covering risk of an overseas banks issuing trade instrument in favour of an Indian exporter.

(b) Issuance of IRU (Irrevocable Reimbursement Undertaking) to the confirming bank / negotiating bank in India, covering risk of an overseas banks issuing trade instrument in favour of an Indian exporter.

(c) Issuance of counter guarantee in favour of overseas banks to facilitate issuance of Guarantee locally, on behalf of Indian project exporters executing projects overseas, against counter guarantee of the exporter’s bank.

(d) Risk participation under Master Risk Participation Agreement (MRPA).

1. *What type of transactions can be covered under Trade Assistance Programme?*

India Exim Bank covers export of goods and services from India as permitted by the prevalent Foreign Trade Policy of the Government of India / Extant Guidelines.

1. *Which countries are covered under Trade Assistance Programme?*

There are about 73 developing and underdeveloped countries spread across Africa, Latin America, Asia and CIS focused under TAP. However, the list is indicative. The list can be accessed on our website.

1. *Which are the originating institutions for transactions under Trade Assistance Programme?*

(1) Indian Confirming Bank (Exporter’s Bank)/ Overseas Issuing Bank for SBLC,

(2) Overseas Issuing Bank of LC for IRU,

(3) Banks with whom Exim Bank has a MRPA for Risk Participation,

(4) Indian Issuing Bank for issuance of counter guarantee.

1. *What commission rate would be charged by India Exim Bank under Trade Assistance Programme?*

Commission depends on amount, tenor, LC issuing bank and its country, commodity of goods, etc. TAP offers competitive rates, and the same can be paid either by the exporter or the overseas importer, based on their negotiation.

1. *What is the tenor of facilities issued under Trade Assistance Programme?*

SBLCs can generally be issued for tenor up to 365 days. Longer tenor, upto 3 years, shall be considered on a case-to-case basis, for project / capital goods exports.

1. *What percentage of transaction value can be covered under Trade Assistance Programme?*

India Exim Bank generally covers 90% of the transaction value. However, 100% may be covered on a case-to-case basis for very high risk countries.

1. *What are the eligible instruments under Trade Assistance Programme?*

Documentary Letter of Credit (LC) issued by overseas bank, Risk Participation (RP), Guarantees issued by banks in India, etc. which facilitate the exports of goods and services from India, as permitted by the prevalent Foreign Trade Policy of the Government of India.

1. *What are the eligible currencies under Trade Assistance Programme?*

Currently, India Exim Bank covers only those instruments which are denominated in US Dollars (USD) / Indian Rupees (INR). Different currency may be considered on a case-to-case basis.

1. *Is it necessary for exporter to have credit facility with India Exim Bank to avail TAP?*

Exporters need not have credit facility with India Exim Bank to get Assistance under India Exim Bank’s Trade Assistance Programme.

1. *Which transactions are not covered by India Exim Bank under TAP?*

India Exim Bank does not support Merchant Trade Transactions, and exports of goods / services which are not permitted by the prevalent Foreign Trade Policy of the Government of India.

1. *Which are the risks covered by India Exim Bank under TAP?*

India Exim Bank covers credit risk, country risk and the payment risk of transactions covered under TAP.

1. *Does India Exim Bank add confirmation to the export LCs issued by overseas banks?*

No. Instead India Exim Bank issues Standby Letter of Credit favouring the negotiating bank / Confirming bank in India, on behalf of the LC issuing bank. Negotiating bank / Confirming bank can claim the unpaid amount from India Exim Bank, in case the LC issuing bank fails to meet its commitments on the due date. Direct confirmation may be considered for very high risk countries on a case-to-case basis.

1. *Is there any agreement that needs to be signed by the exporter / importer with India Exim Bank?*

No. The agreements are to be signed by the LC negotiating bank / confirming bank in India and the Issuing banks overseas.

*For more information (if any), you please write to us at* *tap@eximbankindia.in*