

CABINET APPROVES RECAPITALISATION OF EXPORT-IMPORT BANK OF INDIA

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Cabinet

Cabinet approves recapitalisation of Export-Import Bank of India

Posted On: 16 JAN 2019 3:59PM by PIB Delhi

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi, has approved the recapitalization of EXIM Bank. The details are as follows:

- i. Issuance of Recapitalization Bonds by Government of India to the tune of Rs.6,000 crore for capital infusion in Export Import Bank of India (Exim Bank).
- ii. The equity will be infused in two tranches of Rs. 4,500 crore in FY 2018-19 and Rs.1,500 crore in FY 2019-20 respectively.
- iii. The Cabinet also approved an increase in the authorized capital of Exim Bank from Rs. 10,000 crore to Rs. 20,000 crore. The recapitalisation bonds will be on the lines issued to Public Sector Banks.

Major Impact:

- Exim Bank is the principal export credit agency for India.
- The infusion of capital into Exim Bank will enable it to augment capital adequacy and support Indian exports with enhanced ability.
- The infusion will give an impetus to anticipate new initiatives like supporting Indian textile industries, likely changes in Concessional Finance Scheme (CFS), likelihood of new LoCs in future in view of India's active foreign policy and strategic intent.

Background:

Exim Bank of India (Exim Bank) was established in 1982 under an Act of Parliament as the apex financial institution for financing, facilitating and promoting India's international trade. The Bank primarily lends for exports from India including supporting overseas buyers and Indian suppliers for export of developmental and infrastructure projects, equipment, goods and services from India. It is regulated by RBI.

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