F.No.5/7/2019-IDEAS
Government of India
Ministry of Finance
Department of Economic Affairs
Bilateral Cooperation Division

North Block, New Delhi
March 31, 2022

Office Memorandum

Subject: **Indian Development and Economic Assistance Scheme on Lines of Credit (LOCs) and for Concessional Financing to support Indian entities bidding for Strategically important overseas infrastructure projects (IDEAS 2022).**

The undersigned is directed to convey the approval of the Cabinet on revamping and continuation of Indian Development and Economic Assistance Scheme (IDEAS 2022). The Scheme and Guidelines are attached.

2. This is in supersession of the IDEAS Guidelines issued vide communication of this Department No.21/3/2015-IDEAS dated December 7, 2015 and O.M. No. 5/58/2017-IDEAS dated August 10, 2018 on Concessional Financing Scheme (CFS) to support Indian entities bidding for strategically important infrastructure projects abroad.

3. IDEAS 2022 will come into force with immediate effect.

Parvathy Kataria
(Parvathy Kataria) 31/3/2022
Under Secretary to the Government of India
Tele : 23093534
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To

1. **Finance Secretary & Secretary Expenditure**
2. **Foreign Secretary**
3. **Secretary Financial Services**
4. **Commerce Secretary**
5. **Managing Director, Exim Bank of India, Mumbai**

Copy to:

1. **PSO to Secretary Economic Affairs**
2. **PPS to Secretary (ER), MEA**

Copy also to:

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2. **Guard File**

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(Parvathy Kataria) 31/3/2022
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Subject : Indian Development and Economic Assistance Scheme on Lines of Credit (LOCs) and for Concessional Financing to support Indian entities bidding for Strategically important overseas infrastructure projects (IDEAS 2022).

1. PREFACE

1.1 Government of India offers concessional terms of credit to developing countries with the aim to generate goodwill, strengthen long term partnerships and share India's expertise in project planning, design and implementation in diverse areas of socio-economic development.

1.2 The procedure laid down below shall be followed with immediate effect for implementation of this Scheme.

PART A: Indian Development and Economic Assistance Scheme for Lines of Credit (LOCs) offered by the Government of India

2. INTRODUCTION

The Government of India (GoI) offers concessional Lines of Credit (LOCs) under the Indian Development and Economic Assistance Scheme (IDEAS) to developing countries, with the objective of sharing India's development experience to:

- i) fund economic and infrastructure projects in the partner countries;
- ii) generate socio-economic benefits in the partner countries;
- iii) promote bilateral trade in goods and services; and
- iv) support capacity building and skills transfer.

3. CLASSIFICATION OF COUNTRIES

3.1 The countries have been classified into the following three broad categories:

a. **Category I**: Low and Lower Middle Income (L&LMI) countries for which International Monetary Fund (IMF) has prescribed a minimum binding concessional requirement.

b. **Category II:** Low and Lower Middle Income (L&LMI) countries for which there is no minimum binding concessional requirement.

c. **Category III:** Other developing countries.

3.2 The list of countries classified under each of the categories is at **Annexure I**.

4. TERMS OF CREDIT

4.1 The terms of credit, as given in Table 1, may be offered to a country depending on its classification. The Government of India (GoI) may revise these terms and the classification of specific countries from time to time.

Table 1: Country classifications and Terms and Conditions of LOCs

Terms and Conditions*	Country classification		
	Category I	Category II	Category III
Rate of Interest	1.5%	1.75%	LIBOR+1.5%**
Maturity	25 years	20 years	15 years
Moratorium	5 years	5 years	5 years

Note 1:
(i) Grant element, as applicable for each category shall be calculated as per IMF prescribed formula.
(ii) For Category I, a minimum 35% grant element is prescribed.
(iii) Grant Element is the difference between NPV of the loan repayments and the actual amount of loan.
*****Note 2:** For countries under Category III the Rate of Interest will be linked to an equivalent rate based on Alternate Reference Rate, approved by GoI in the transition away from USD LIBOR, as per extant Regulatory Guidelines.*

4.2 In case the minimum binding concessional requirement as per IMF is more than that is offered under these guidelines to any country, the same would be considered as deemed to have been prescribed under these guidelines.

4.3 As a special dispensation, additional tenor of 5 years and moratorium of 2 years over and above the terms offered under each of the three categories mentioned above, may be granted for projects in the below mentioned areas:

i) Infrastructure projects costing USD 200 million or more.

ii) Projects of strategic importance costing USD 100 million or more.

4.4 If a Borrowing Government wishes to take a LOC from India to finance the equity of that Government in a Special Purpose Vehicle/ Joint Venture/ Subsidiary for project execution, the same can be considered provided the contractor/partner selected through competitive bidding is an Indian entity. At the request of the Borrowing Government, co-financing of LOC projects with other multilateral financing institutions may be considered, provided that the contractor/partner selected through competitive bidding is an Indian entity.

4.5 The Borrowing Government is fully responsible for repayment and servicing of the loan. The Borrowing Government must provide sovereign guarantee for repayment and servicing of the LOC loan in case the loan is taken by its agency.

4.6 The Borrower shall pay interest on due dates to the Lending Bank and repay the principal instalments to the Lending Bank on due dates as per the agreed Repayment Schedule. The liability of the borrower of the LOC for repayment of principal instalments and payment of interest and other dues to the Lending Bank is absolute and irrevocable, and is in no way linked to the repayment/payment by sub-borrowers or to the completion of the projects/ contracts covered under the LOCs or subsequent operation thereof.

5. LENDING BANK

Concessional Lines of Credit under the Indian Development and Economic Assistance Scheme will be provided by the Lending Bank, viz., Exim Bank of India or any other Public Sector Bank / lending entities approved for this purpose by the Ministry of Finance, Government of India. Government of India will support the Lending Bank in extending concessional lines of credit.

6. REQUIREMENT OF IMPORT OF GOODS AND SERVICES FROM INDIA

Goods and services for minimum 75% of the value of the contracts covered under these loans must be sourced from India (Indian Content). A relaxation, not exceeding 10% of value of contracts, may be considered by GoI on a case-to-case basis for projects involving significant civil construction work. This relaxation should be sought before the project is tendered. LOCs may finance up to 100% value of contract on FOB/CFR/CIF/CIP basis.

7. DUTIES AND TAXES

Concessional loans under the Scheme shall be free from all kind of taxes and duties of any nature whatsoever levied in the borrowing country including all corporate/ personal/ value added taxes, Import/Custom Duties, Special levies and social security contributions for temporary employees deputed by Indian exporters in relation to the project execution in the borrowing countries. However, the tax exemption for eligible services to be rendered locally will be mutually agreed and communicated prior to any utilization under the Line of Credit. If the domestic laws/ rules of the borrowing country prohibit exemption of any taxes to bilateral partner/ multilateral institution extending development assistance to it, the same have to be paid by the contractor/seller from its own resources and should be reimbursed by the buyer to the contractor/seller. No tax is liable to be paid from the LOC proceeds.

8. TIMELINES

(i) Automatic Suspension / Annulment of non-operational LOC:

There shall be automatic suspension of an LOC which does not get signed within a period of 12 months from the date of its approval by GoI. Further, there shall be automatic annulment of an LOC if not signed within a total period of 24 months from the date of its approval by GoI.

(ii) Award of the Contract:

Atleast one contract under an LOC should be awarded within 18 months of signing of the LOC, failing which the LOC shall be deemed to have lapsed. Further, all contracts must be awarded within 48 months from the date of signing of LOC and the balance unallocated amount of LOC, as at the end of the 48 months period, shall lapse.

(iii) Terminal Disbursement Date:

Terminal Disbursement Date for a contract under the Line of Credit (both project exports and supply contracts) will be 48 months after the scheduled completion date of the contract. The unutilized amount of the contract will stand cancelled at the end of 48 months.

(iv) Extension in Timeline:

GoI, at the request of Borrowing Government, and after examination of detailed justification provided by the Borrowing Government, may consider extension of the timelines stated at clause 8 (i), (ii) and (iii) above, by a maximum period of six months.

9. ADMINISTRATIVE CHARGES

(i) **Commitment Fee:**

Commitment fee shall be payable at the rate of 0.50% per annum to the lending agency on the amount of credit remaining undrawn in respect of each contract included under the LOC. Further, commitment fee begins to accrue only after expiry of 12 months from the date of each contract in respect of Category–I countries listed in Annex-I and two months in respect of all other countries. Hence, if withdrawal/disbursement occurs within the stated periods of each contract covered under the LOC, the Borrowing Government is not required to pay any commitment fee.

(ii) **Management Fee:**

Management fee @ 0.50% for countries other than those listed under Category-I in Annexure-I shall be paid by the Borrowing Government/ entity to the Lending Bank, as a one-time payment on the amount of the eligible value of the contracts, covered under the LOC.

10. MONITORING MECHANISM

(i) Borrowing Governments are required to set up suitable monitoring mechanism with representatives of Borrowing Government, Lending Bank and Indian Mission concerned to ensure that the work on the project is executed as per the Detailed Project Report without time or cost over-runs.

(ii) Regular progress reports on the utilization of GoI LOCs, implementation of the projects covered under such LOCs and servicing of the LOCs should be made available by Borrowing Governments to GoI on quarterly basis through the concerned Indian Missions.

(iii) A status report on each project execution will be submitted on quarterly basis till completion of the project by the executing authorities of the Borrowing Governments to GoI and Lending Bank.

(iv) There shall be bi-annual monitoring of all LOCs issued under this Scheme by the Standing Committee comprising officers of Ministry of External Affairs (MEA), Department of Economic Affairs (DEA) and Lending Bank.

(v) In case of signs of delay in a particular project or on receipt of specific complaint, the concerned Indian Mission will coordinate with the Borrowing Government to organize joint site visit to ascertain the reasons for delay or complaint and to initiate suitable redressal by the Borrowing Government for smooth and timely project completion.

(vi) Lending Bank may appoint a Lender's Engineer at its cost for independent monitoring of a project, if considered necessary. Borrowing Governments and all contractors and consultants engaged with the project shall provide necessary support and assistance to the Lender's Engineer.

11. EVALUATION AND REVIEW OF PROJECTS UNDER LOCs

(i) On completion of the project, the Indian Mission must obtain from the Borrowing Government/executing agency a comprehensive Project Completion Report covering the benefits derived/ to be derived from the project, its socio-economic impact on the country/region where it was implemented, along with visual documentation. This report must be submitted to the MEA and the Lending Bank by the Mission. MEA shall place a copy of the report and documentation along with its observations to Standing Committee. The cost for the Project Completion Report will be borne by the LOC borrower.

(ii) The Mission shall also provide inputs to the GoI on the long-term economic benefits of the LOC provided to the Borrowing Government (a) on completion of project/s under the LOC; and (b) after 5 years of signing of LOC, both.

(iii) For all projects of USD 50 million or more, there shall be evaluation of the projects on completion by the Lending Bank or an independent agency employed by it. The evaluation should be on asset quality and durability, the net export/benefit accruing to the Indian economy and effectiveness of the project in the target area. The study will look into the relevance, effectiveness, efficiency, overarching developmental impact and sustainability of the project. It will also assess the performance of the project for the purpose for which it was approved. The cost of the above evaluation will be met under the LOC.

12. RECOVERY OF OVERDUES

Lending Bank will inform the Borrowing Government, GoI and Indian Mission of overdues, if any, under an LOC. Every effort must be made for early recovery of all due amounts, whether fees, interest or principal. Indian Missions and GoI shall provide all necessary assistance for recovery, and maintain a close follow up with the Borrowing Government/institution for this purpose.

13. GRANTS

GoI may consider providing grant funds for project identification, preparation and appraisal as well as evaluation and assessment of projects. This may include consultancy charges to be paid to professionals/organizations.

14. ETHICS AND INTEGRITY

(i) Borrowers, bidders, suppliers, contractors, agents, consultants, sub-contractors, service providers, and any personnel thereof are expected to observe the highest standard of ethics during all GoI LOC project preparation, bidding, procurement and execution processes. A suitable Integrity Clause for this purpose will be included in the LOC Agreement that Borrowing Governments sign with the Lending Bank, and will also be required to be incorporated in all contracts to be financed under an LOC.

(ii) All Borrowers, bidders, suppliers, contractors, agents, consultants, sub-contractors, service providers, and any personnel thereof, shall allow the Gol/Lending Bank to inspect all accounts, records and other documents relating to submission of bids and contract performance, and to have them audited by the auditors appointed by GoI/Lending Bank.

15. OPERATIONAL GUIDELINES

For the convenience of Borrowing Governments as well as Indian exporters and Indian Missions abroad, the Operational Guidelines at **Annexure-II** are to be read in conjunction with IDEAS 2022.

16. These provisions shall come into force with immediate effect and shall be applicable to all new LOCs. The LOCs which stand sanctioned under the previous guidelines shall not be impacted by any change thereupon incorporated in the IDEAS 2022. However, projects under already sanctioned LOCs, which have not yet been tendered out, will be executed under the revised Bidding, Procurement and Tendering procedures prescribed in Operational Guidelines at Annexure-II of IDEAS 2022.

PART B: Concessional Financing to support Indian Entities bidding for strategically important overseas infrastructure projects

17. Notwithstanding the provisions of Part A, GoI may provide concessional financing to any Borrowing Government or an entity owned or controlled by the Borrowing Government to support Indian Entities bidding for strategically important overseas infrastructure projects, if the said Indian entity succeeds in getting contract for the execution of a project tendered by such foreign entity. The strategic importance of a project to be eligible for this financing will be decided by GoI, on a case-to-case basis. The implementation of the concessional financing will be governed by the process laid down by GoI.

18. DEFINITIONS

For the purposes of IDEAS 2022, Definitions are placed at **Annexure-III**.

19. OUTCOMES, EVALUATION AND REVIEW OF IDEAS

To ensure that the aims and objectives of IDEAS 2022 are achieved, third-party evaluation of the Scheme will be carried out in accordance with the instructions issued by Ministry of Finance, Government of India from time to time. The continuity of the Scheme will depend upon its relevance and impact.

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Annexure-I

CLASSIFICATION OF COUNTRIES

Category-I	Category-II		Category –III
1.Afghanistan	1.Angola	30.Morocco	Other developing countries
2.Bangladesh	2.Benin	31.Myanmar	
3.BurkinaFaso	3.Bhutan	32.Nepal	
4.Burundi	4.Bolivia	33.Nicaragua	
5.Central African Republic	5.Cambodia	34.Nigeria	
6.Chad	6. Cameroon	35.Pakistan	
7.Cote d'Ivoire	7. Comoros	36.Papua New Guinea	
8.Gambia,The	8. Democratic Republic of Congo	37.Paraguay	
9.Ghana	9.Djibouti	38.Philippines	
10.Guinea	10.Egypt	39.Republic of Cabo Verde	
11.Honduras	11.El Salvador	40. Republic of Congo	
12.Kenya	12.Eritrea	41.Seychelles	
13.Kyrgyz Republic	13.Eswatini	42.Somalia	
14.Liberia	14.Ethiopia	43.South Sudan	
15.Malawi	15.Guinea Bissau	44.Sri Lanka	
16.Mali	16.Guatemala	45.Sudan	
17.Mozambique	17.Guyana	46.Syrian Arab Republic	
18.Niger	18.Haiti	47.Tajikistan	
19.Rwanda	19.Indonesia	48.Timor Leste	
20.Sierra Leone	20.Kiribati	49.Togo	
21.SaoTome and Principe	21.Korea, Democratic People's Republic of	50.Tunisia	
22.Senegal	22.Lao PDR	51.Ukraine	
23.Solomon Islands	23.Lesotho	52.Uzbekistan	
24.Tanzania	24.Madagascar	53.Vanuatu	
25.Uganda	25.Maldives	54.Vietnam	
26.Yemen, Republic of	26.Mauritania	55.West Bank and Gaza	
	27.Micronesia, Federated States of	56.Zambia	
	28.Moldova	57.Zimbabwe	
	29.Mongolia		

Annexure-II

Operational Guidelines in respect of Concessional Lines of Credit extended to Borrowing Countries through Lending Bank

Selection of Projects, Bidding and Procurement Procedure:

A. Selection of Projects

(i) Each country may provide a proposal indicating the projects/goods and services that it would be interested in importing from India in line with its national priorities to the concerned Mission.

a. In case of projects, the Detailed Project Report (DPR) should be made available for appraisal before according approvals for the LOC.

b. In case the country is unable to prepare a DPR on its own, it should provide as many details as possible through a Project Outline, Feasibility Study etc. to enable consideration of LOC approval. In such cases, LOC may be approved with the condition that an amount not exceeding 1% of the LOC will be utilised first for preparation of the DPR and updation/appraisal thereof. Further utilisation of the LOC will be subject to the DPR appraisal, findings and approval thereof.

c. An amount up to 0.50% of the LOC can be utilised for evaluation of the project on completion, by the Lending Bank or an independent agency appointed by it, as mentioned under clause 11(iii) of the Scheme.

d. In the case of goods and services exports, details regarding the products/nature of service, the quantity required and the estimated cost are to be indicated.

(ii) Government of India's priorities would broadly be as follows:

a. The first priority would be to fund economic and infrastructural projects in borrowing countries.

b. The second priority will be to exports of goods and services to create bridgeheads for bilateral trade.

c. Support by way of credit lines for setting up adequate network of servicing facilities by exporters.

(iii) Regional proposals submitted jointly by two or more countries may also be considered. In this case, details regarding the implementing agency, and share of each country in the total credit envisaged, has to be indicated. The concerned Missions should be fully apprised of the proposal and needs to support the project.

(iv) Apart from sovereign guarantee to be provided by the Borrowing Government to cover repayment of interest and principal, providing additional comfort through re-insurance, securitizing the loans, finding third party guarantees /escrow accounts, linkage with exports of commodities etc., may also be explored and included in the proposal.

(v) MEA shall, after receipt of due appraisal and assessment of the project/DPR conducted by the Lending Bank or an independent agency employed by it, or entrusted by MEA to the line Ministry or their agencies, convene a meeting of the Standing Committee comprising officers of MEA, DEA, Lending Bank(s) and other stakeholders as special invitees (as considered necessary by the Committee) who would examine the proposal for grant of LOC in detail and would make its recommendations. Costs, if any, for appraisal and assessment of project / DPR shall be covered under the LOC earmarked for the purposes under clause A(i)(b) of the Operational Guidelines.

(vi) Commitments made on the occasion of high-level visits or Summits/Ministerial meetings for extending support through LOC to any country may be treated as "in principle" approvals. In such cases and with a view to early fulfilment of commitments made at the political level, the concerned Indian Mission and Borrowing Government would be expected to work closely to develop proposals and Detailed Project Reports (DPR) for further processing of the case.

(vii) The final decision regarding the quantum and terms and conditions of the LOC will rest with the Government of India. The Standing Committee shall also meet and deliberate upon the revision of terms and conditions of LOCs granted on the specific request of a Borrowing Government depending upon individual circumstances and all other matters relating to LOCs etc.

B. Preparation of DPR

While preparing the DPR, the following guidelines shall be observed:

(i) A detailed cost break-up along with detailed justification under each head.

(ii) Identification of the land for the proposed project, as also, details of access/right of way to the site.

(iii) Availability of basic resources viz. water and electricity etc.

(iv) Availability and continuous supply of raw material post commissioning in close proximity of the site.

(v) Commitment from various Ministries of the host country for implementation of the project, such as tax exoneration, allotment of land, environmental clearances, security to Indian personnel, clearance of goods from the port authorities and its transportation to the site.

(vi) The DPR would need to evaluate the technical and financial sustainability plan of the proposed project, the developmental benefits arising from the project and the capability of the host Government to ensure smooth handling of the project post implementation.

(vii) The DPR may also specify the financial contribution (if any) of the Borrower government and how it is proposed to be met.

(viii) The DPR should not be more than twelve months old prior to the approval of LOC to ensure that there are no major deviations from the assumptions of the DPR.

(ix) Major deviations, if any, in DPR viz. change of site/ location, scope of the project and other commercial terms may be considered prior to the approval of GoI.

The currency of the DPR should be uniform with the contract (preferably in USD).

C. Bidding and Procurement Procedure

(i) Information on projects sought to be undertaken through LOC financing will be displayed on the website of the Lending Bank and also disseminated by it to industry associations to give wide publicity. Borrowing

Governments should be encouraged to do the same.

(ii) Borrowing Government shall forward the scope of the project and pre-qualification criteria to the Lending Bank which will invite Expression of Interest from Indian companies / entities and undertake a pre-qualification exercise for each project at its cost. The list of pre-qualified companies/entities will be provided to the Borrowing Government. Thereafter, the project will be put to bid under a competitive bidding process by the Borrowing Government or its agency. For bidding process under the LOCs, eligibility of participation shall comply with extant GoI rules and is limited to Indian entities registered in India and/or incorporated/established under any law in force in India. However, such an entity if blacklisted by any multilateral development bank, such as World Bank, Asian Development Bank, or any authority of GoI or the Borrowing Government will not be eligible to participate for the period it is blacklisted.

(iii) Complete transparency and fairness in the award of contracts by Borrowing Governments to Indian companies under LOC financing is extremely critical. Borrowing Governments and their nominated agencies are expected to conduct transparent and fair bidding process which should be clearly defined and details of which should be provided to Lending Bank in advance. They are also required to advise Lending Bank about the procedure followed for evaluation and selection of Indian contractors/suppliers, details of all bids received, etc.

(iv) Should there be any deviation from this procedure, the Borrowing Government/Agency must provide detailed justification for the same to the Lending Bank, which, in turn, will seek the decision of Ministry of External Affairs and DEA, Government of India, regarding the approval of such contracts.

(v) Indian Missions must remain vigilant to ensure transparency and due scrutiny in the award of contracts by the Borrowing Government.

(vi) Bid price should be expressed in US dollars only.

D. Tendering Procedure

(i) Tender documents will need to be complete in all aspects. Payment terms are required to be linked to milestone achievements under the project. The Lending Bank may restrict the advance payment up to 20% of the contract value. 10% of the contract value should be retained and disbursed only after the installation and commissioning of equipment supplied under the project. Payment terms shall include liquidated damages in the range of 1-5% of the contract value for delays.

(ii) Full set of tender documents will be forwarded to GoI and Lending Bank by the LOC Borrowing Government prior to the start of the tender process. The Lending Bank will have the same vetted by an independent consultant to ensure that all tender conditions are relevant and not restrictive in nature so as to ensure greater participation from Indian companies. The Lending Bank will propose changes to the tender documents, if required to be made. Final approval of the tender documents will be made by the Lending Bank.

(iii) The Borrowing Government will undertake the tender process with the prequalified contractors / consultants.

(iv) The Borrowing Government may also arrange to make available the tender documents online and/or through its Mission in India for purchase by potential Indian bidders.

E. Award/Approval of Contracts

(i) Based on the bids submitted by Indian companies, the Borrowing Government/Agency shall award the contract in accordance with fair and transparent evaluation criteria and procedures. The Lending Bank would reserve the right to keep in abeyance all contracts that are violative of the norms of the transparency and fair competition.

(ii) After the bidding process, the Borrower will submit a copy of the draft contract and the Bid Evaluation Report to the Lending Bank for its concurrence. Lending Bank shall analyse the Bid Evaluation Report to ensure that the contract is being awarded in a fair and transparent manner.

(iii) The Borrowing Government shall draft the contract with scope of works and price and payment schedules on lines similar to the DPR and the tender documents. Under the broad expenditure heads generally stated in DPR, the contract should include suitable sub-headings of the expenditure to define the costs more precisely. Payments shall be made on the basis of Payment Authorisation issued by Borrowing Government. Contract-wise Letters of Credit may be opened. The contracts should include provisions of suitable Bank Guarantees. Any deviation in the contract vis-a-vis DPR and the tender documents should be supported with detailed justifications for such deviations.

(iv) The Lending Bank shall analyse the draft contract to ensure that the same is in line with the DPR and the tender documents. In case of any discrepancy, the same will be referred to the Government of India after obtaining clarifications from the Borrowing Government on the same. Based on GoI's instructions, if any, Lending Bank shall convey its decision to the Borrowing Government.

(v) All confirmations regarding the availability of land, right of way, basic resources, clearances, tax and duty exemptions, financial closure and other commitments from the Borrowing Government should be forwarded along with the contract or prior to the release of advance payment.

(vi) Based on the experience of handling complex projects as also based on the opinion of domain experts on various projects, Lending Bank may, if required, submit its inputs to the Borrowing Government on how to draft contracts. Terms and conditions of International Federation of Consulting Engineers (FIDIC) guidelines may be considered while drafting such contracts. Lending Bank may also seek the assistance of domain experts for the drafting of the technical parameters under the contract. The cost of such services of domain experts may form a part of each LOC.

F. Appointment of PMC through fair bidding process:

(i) An independent Indian Project Management Consultant (PMC) should be appointed for all projects of USD 10 million and above through fair and transparent bidding. For projects of less than USD 10 million or for supply projects, PMC may be appointed, if required, on case-to-case basis, including for preparation of DPR, if necessary. If the PMC is appointed by the Borrower Government on its own, the PMC charges have to be borne by LOC borrower. However, these conditions can be considered for relaxation on the request of the Borrowing Government supported by detailed justifications.

(ii) If the Borrowing Government requests MEA or the Lending Bank to appoint an Indian PMC on its behalf, MEA may do so based on extant GoI rules and procedures.

(iii) The PMC scope of work should cover the design, bidding (including preparation of tender documents and evaluation of bids), monitoring of implementation (including certification of invoices and Indian content), evaluation of operations and maintenance, and post-commissioning stages of a project, inter alia including confirmation on asset quality.

(iv) The Borrowing Government can also appoint a Consultant of international repute as per their need/policy. However, in such a case the costs of the Consultant will be borne by the Borrowing Government.

G. Comprehensive Maintenance:

Borrowing Government shall enter into a Comprehensive Maintenance Contract (CMC) for 3-5 years, after commissioning of the project and completion of the warranty period. The cost of the CMC with spares, where necessary, should be quoted by the Indian entities bidding for the execution contracts as part of their total cost in the bid documents submitted by them. The Borrowing Government can also award CMC to local contractors as per their need/policy. However, in such cases, the CMC costs will be borne by the Borrowing Government.

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Annexure-III

DEFINITIONS

Bid Evaluation Report	**"Bid Evaluation Report"** is the report to be submitted by the Borrowing Government after conclusion of a tendering process, summarising the procedure of evaluation adopted.
Borrower Country	**"Borrower Country"** is the country intending to avail, or to which concessional Lines of Credit has been extended.
Borrowing Government	**"Borrowing Government"** or **"Borrower"** is the Government of the country to which concessional Lines of Credit has been extended and it includes its agency.
Buyer	**"Buyer"** means a buyer in the Borrower's Country in relation to an Eligible Contract**.**
CFR	**"CFR"** means Cost and Freight - the seaway shipment terms as defined in Incoterms 2010/ Incoterms 2020.
CIF	**"CIF"** means Cost, Insurance and Freight- the seaway shipment terms as defined in Incoterms 2010/ Incoterms 2020.
CIP	**"CIP"** means Carriage and Insurance Paid to - the seaway shipment terms as defined in Incoterms 2010/ Incoterms 2020.
DEA	**"DEA"** refers to the Department of Economic Affairs, Ministry of Finance, Government of India.
DPR	**"Detailed Project Report"** or **"DPR"** means the report providing detailed technical and financial requirements of the project.
Eligible Contract	**"Eligible Contract"** means a contract for the import of the Goods and Services into the Borrower's Country from India for which the Borrower has conducted a

	transparent and fair bidding process for selection of the Seller.
FIDIC	**"FIDIC"** refers to International Federation of Consulting Engineers.
FOB	**"FOB"** means Free on Board - the seaway shipment terms as defined in Incoterms 2010/ Incoterms 2020.
GoI	**"GoI"** refers to the Government of India.
IDEAS	**"IDEAS"** refers to Indian Development and Economic Assistance Scheme of the Government of India.
Indian Content	**"Indian Content"** refers to the component of Goods and services, in the value of the contracts, which is sourced from India. Goods and services for minimum 75% of the value of the contracts covered under the LOCs must be sourced from India. This will be governed by guidelines and instructions issued by GoI from time to time.
Lender's Engineer	**"Lender's Engineer"** is the independent Engineer appointed by the Lending Bank / Lending Agency for independent assessment at any stage /phase of implementation of the project.
Lending Bank/Lending Agency	**"Lending Bank / Lending Agency"** refers to Exim Bank of India or any Public Sector Bank / Lending Entity approved by Ministry of Finance, Government of India to provide concessional Lines of Credit under IDEAS.
LOC	**"LOC"** or **"Lines of Credit"** is the concessional credit line extended by a Lending Bank / Lending Entity on behalf of the Government of India, under the Indian Development and Economic Assistance Scheme.
MEA	**"MEA"** refers to the Ministry of External Affairs, Government of India.

Payment Authorisation	**"Payment Authorisation"** means the authorisation to be issued by the Borrower Government to Lending Bank/Lending Entity, irrevocably authorizing Lending Bank/Lending Entity to make payment of the sum therein mentioned to the account of the Seller, whenever a payment needs to be made to the Seller under an Eligible Contract.
PMC	**"Project Management Consultant (PMC)/ Consultant"** means the Indian consultant being appointed by the Borrower for preparation of DPR and tender documents, project management as per the specified needs of the Borrower's Country and to carry out any other consultancy services for the Project.
Project	**"Project"** means the project including supply of goods, works and services including consulting services for which Lending Bank has agreed to make available the Credit, and the description thereof may be amended from time to time by agreement between the Borrower and Lending Bank.
Project Completion Report	**"Project Completion Report"** is the report to be prepared by the Borrowing Government upon completion of a project, inter alia listing out its socio-economic impact on the country/region.
Seller	**"Seller"** means a seller in India in relation to an Eligible Contract and shall include PMC/ Consultant.
Standing Committee	**"Standing Committee"** is the Inter-Ministerial committee comprising representatives of MEA, DEA and the Lending Bank / Lending Entity.
Terminal Disbursement Date or TDD	**"Terminal Disbursement Date" or "TDD"** means the date falling on expiration of a period of 48 (forty-eight) months after the scheduled completion date of the Contract.