



External Relations Department

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Press Release

Revision of FE-25 Export Loans Policy

The existing foreign exchange regulations allow Authorized Dealers (banks) to use foreign currency deposits for extending foreign currency trade loan facility to exporters and importers. These regulations, however, allow settlement of such loans against exports only through realization of export proceeds or remittances from abroad.

In cases where export proceeds were not realized for any reason including non-performance of export contracts or circumstances leading to cancellation of export contracts after partial performance etc., such loans remained unsettled. Resultantly, Authorized Dealers were constrained to retain the above foreign exchange liabilities on their books of accounts.

In order to address these difficulties and to facilitate exporters/Authorized Dealers, the State Bank has relaxed the existing policy regarding settlement of subject outstanding loans against exports by delegating powers to Authorized Dealers to settle outstanding export loans valuing upto USD 50,000/- (or equivalent in other foreign currencies) themselves through interbank market. The settlement of outstanding loans exceeding the above limit shall, however, require prior approval of the State Bank.
