

EXIM Bank of India, Sri Lanka sign \$500-million loan agreement

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The Export Import Bank (EXIM) of India and the Government of Sri Lanka signed a \$500-million Line of Credit agreement aimed at helping Sri Lanka cope with its current fuel shortages, amid one of the worst economic meltdowns facing the island nation.

Key Highlights

- New Delhi's support for fuel imports — by Sri Lanka from India — through the Line of Credit, is in response to Colombo's "urgent requirement", according to a statement from the Indian High Commission in Colombo.
- "This critical support comes in the wake of a virtual meeting between the External Affairs Minister of India S. Jaishankar and Sri Lanka's Minister of Finance Basil Rajapaksa, held on January 15," said the official statement released.
- Days after the meeting, India made the announcement confirming the emergency loan.
- On January 13, India extended a \$400 million currency swap to Sri Lanka, while also

deferring another \$500 million due for settlement to the Asian Clearing Union (ACU), to help the island nation cope with its dollar crunch.

- Further to the \$900 million extended then, and the emergency credit for fuel imports now, both governments are in talks for another \$ 1 billion assistance that Colombo has sought from New Delhi, at a time when the island nation faces an unprecedented economic crisis.

SOURCE: *Hindustan Times, The Hindu*