

**Exim Bank's credit line of US\$ 20 million to
Korea Development Bank, South Korea
A.P.(DIR Series) Circular No.21 (December 4, 2000)**

RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001

A.P.(DIR Series) Circular No.21

December 4, 2000

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

**Exim Bank's credit line of US\$ 20 million to
Korea Development Bank, South Korea**

Export Import Bank of India (Exim Bank) has concluded an agreement with Korea Development Bank on May 31, 2000, making available to the latter uncommitted trade finance facility upto US\$ 20 million. This credit is available for financing 100 per cent value of export of eligible goods to South Korea. Goods eligible for export under the line of credit are indicated in the list annexed. Eligible goods also include raw materials, agricultural products, marine products, iron and steel products and software.

2. The broad terms and conditions of the uncommitted trade finance facility are as under:
 - (a) The facility has no last dates for utilisation and shall be available until further notice. Each party shall have the right to terminate the facility without prior notice at any time.
 - (b) The contract shall be expressed in US Dollars.
 - (c) No minimum amount for export of goods under the agreement has been stipulated.

3. Under the above arrangement the Korea Development Bank will open a letter of credit favouring an Indian exporter which would include a note that it is payable at sight to the beneficiary and that it is to be refinanced for a period of 6 months or 12 months as the case may be. The Korea Development Bank will authorise Exim Bank to accept a time draft drawn on Exim Bank and reimburse to claiming bank in India on behalf of beneficiary of the letter of credit, i.e., Indian exporter will get the proceeds on 'at sight basis'. The arrangement does not include confirmation of any letter of credit by the Exim Bank, nor does it include the

reimbursement confirmation of any letter of credit to any negotiating bank. However, upon request by the Korea Development Bank, Exim Bank may decide to confirm such letter of credit or the reimbursement of such letter of credit. The terms and conditions of such confirmation will be determined on a case by case basis by the Korea Development Bank and the Exim Bank.

4. The other terms and conditions not specified above, shall be dealt with in accordance with the Uniform Customs and Practices relating to Documentary Credits (UCP 500).

5. Shipments under the credit will have to be declared on GR/SDF/SOFTEX Forms as usual. All copies of the GR/SDF/SOFTEX Forms should bear a prominent superscription reading 'Export under Exim Bank Uncommitted trade finance facility dated May 31, 2000, extended to Korea Development Bank.' The number and date of this circular should be recorded in the space provided for. On receipt of full payment of the bills in the manner stated above, an authorised dealer should certify the duplicate copy/ies of the relative GR/SDF/SOFTEX Form/s and forward them to the concerned Regional Office of the Reserve Bank, in the usual manner.

6. Ordinarily, no agency commission shall be payable in respect of exports financed under the above facility. However, Reserve Bank of India may consider on merits, requests for payment of commission upto a maximum extent of 5 per cent of the f.o.b. value in respect of goods specified in the Annexure, which require after sales service. In such cases, commission will have to be paid in South Korea by deduction from the invoice value of the relevant shipment and the reimbursable amount by the Exim Bank to the claiming bank will be the f.o.b. value minus the commission paid.

Approval for payment of commission should be obtained before the relevant shipment is effected.

7. Authorised dealers may bring the contents of this circular to the notice of their exporter constituents concerned.

8. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999), and any contravention or non-observance thereof is subject to the penalties prescribed under the Act.

Yours faithfully,
P.K. BISWAS

ANNEXURE

List of Eligible Goods for finance out of the Credit

PART A

1. Air compressors
2. Air conditioning, heating, cooling, fume extraction, dust collection, humidification and ventilation equipment for industrial use including blowers and exhaust fans.
3. Alcohol and brewery plant.
4. Aluminium plant and equipment
5. Asbestos cement machinery
6. Cement machinery
7. Cinematographic equipment for motion picture and television studios.
8. Chemical and pharmaceutical plant and machinery.
9. Cigarette making machinery.
10. Coffee processing machinery.
11. Coke oven plant and equipment
12. Coke oven refractories
13. Control and Process Instruments including X-Ray equipment for Industrial Applications.
14. Copper Ore concentration machinery
15. Dairy equipment and animal feed plant
16. Earth moving equipment like crawler tractors, shovels, excavators, loaders, dumpers etc.
17. Edible Oil Mill machinery and oil expellers.
18. Electric motors and pumps
19. Electronic Data Processing equipment
20. Fertilizer plant and equipment
21. Flour, rice and dal mill machinery

22. Food processing plant
23. Foundry equipment including mould making machinery, Sand and Shot blasting equipment
24. Freight containers
25. Garage equipment
26. Gas and air separation plants
27. Glass and Ceramic machinery
28. Heat Exchangers
29. Integrated Steel Plants (complete or in parts), mini steel plants (electric arc and reduction furnaces). Re-heating and heat treatment furnaces, Rolling Mills and other finishing lines for ferrous and non-ferrous metals.
30. Ice-making machinery
31. Industrial boilers
32. Industrial furnaces
33. Industrial switchboards, control panels, circuit breakers, air break switches
34. Jute machinery
35. Leather tanning and processing machinery
36. Machine tools
37. Machinery for manufacturing air conditioners, bicycles, corks, electrical goods, enamel-ware, hard board, metal containers, radios, razor blades, refractories and bricks, sewing machines, shoes, steel furniture, wire-ropes and cables etc.
38. Machinery for manufacturing any product figuring in Part B of this List, not specified separately in this Part.
39. Material handling equipment like fork lifts, electric lifts, cranes, hoists etc. and conveyor systems.
40. Metal working machinery
41. Mining machinery
42. Motor vehicles and chassis, including three-wheelers
43. Oil drilling rigs

44. Oil refinery equipment
45. Packaging and weighing machinery
46. Pile foundation machinery
47. Plastic machinery
48. Power generation, transmission and distribution equipment including boilers, generators, transformers, switchgears, transmission line towers, conductors, cables, sub-station equipment and protective equipment.
49. Power line carrier communication equipment
50. Power station structures, hydraulic structures like penstocks, gates and gearings, sub-station structures.
51. Pressure vessels.
52. Printing and book-binding machinery
53. Pulp and Paper Mill machinery
54. Railway electrification equipment and structures and railway signalling equipment.
55. Railway rolling stock including locomotives, wagons, coaches and trolleys.
56. Rubber machinery
57. Road and construction equipment including road rollers, tar boilers, continuous batch plants, stone crushers, asphalt mixers, concrete mixers and vibrators.
58. Ships, boats, trawlers, steamers, launches, barges.
59. Solvent extraction machinery
60. Spraying equipment
61. Steam, diesel and petrol engines
62. Steel fabrication for bridges, factories etc.
63. Steel rails and railway track equipment including sleepers, fishplates, points and crossings.
64. Steel shuttering and scaffolding materials
65. Steel tanks
66. Sugar (including Khandsari) machinery

67. Tele-communication and signalling equipment
68. Textile machinery
69. Tractors and Trailers
70. Vending machines
71. Water supply equipment including pumping plant, large diameter fabricated steel pipes, C.I. spun pipes and storage tanks, water treatment and sewage treatment plant.
72. Weigh bridges
73. Welding machinery
74. Wood working machinery

PART B

75. Agricultural implements.
76. Auto parts
77. Bicycles, motorcycles, scooters, mopeds and parts
78. Construction materials including sanitaryware, tiles and precast cement products, false ceiling, flooring materials, pipes, decorative laminates, fittings, electricals and steel/aluminium doors and windows, provided they are exported as separate items and not as items forming part of civil construction/turnkey projects.
79. Agricultural chemicals and industrial chemicals.
80. Pressure cookers, watches and clocks, knitting/sewing machines, vacuum flasks, cutlery, plastic moulded luggage.
81. Domestic electric appliances
82. Drugs and pharmaceuticals
83. Electrical equipment including low tension insulators, batteries and accumulators, parts of electrical machinery and lamps fuses and electrodes for industrial application.
84. Electronic components.
85. Electronic goods including radios, TV, public address systems, record players, tape recorders.
86. Fibreglass, PVC and plastics based products including pipes and tubes, tyre cord.
87. Ferrous/non-ferrous castings, forgings, stampings, extrusions and rolled products.

88. Ferrous/non-ferrous pipes, tubes, sheets, strips, foils, rods, wires, wire ropes
89. Heating and cooling equipment including air conditioners, refrigerators, water coolers.
90. Industrial rubber products including tyres and tubes, cots and aprons, conveyor belts, rubber rollers, hose pipes.
91. Instruments for measurement, scientific survey and for surgical applications.
92. Industrial fasteners, bearings, valves, gears and gaskets.
93. X-ray and other electro-medical and other hospital equipments
94. Office equipments including typewriters, calculators, duplicators, teleprinters.
95. Metal and plastic furniture
96. Hand tools, cutting tools, grinding wheels, moulds dies.
97. Gas cylinders, fire fighting equipment, photographic equipment, helmets, including fibreglass helmets.
98. Any item not included above that might be agreed upon between Exim Bank and Korea Development Bank.