

**Indo-Myanmar Credit Agreement
dated November 17, 2000 for US\$ 15 million
A.P.(DIR Series) Circular No.34(May 26, 2001)**

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

A.P.(DIR Series) Circular No.34

May 26, 2001

To

All Authorised Dealers in Foreign Exchange

Dear Sirs

**Indo-Myanmar Credit Agreement
dated November 17, 2000 for US\$ 15 million**

The Government of India have extended a line of credit of US\$ 15 million (US Dollar Fifteen Million only) to the Government of the Union of Myanmar under a credit agreement entered into between the two Governments on November 17, 2000. The credit will be available to the Government of the Union of Myanmar for import from India of capital goods of Indian manufacture, consultancy services and consumer durables as specified in the Annexure. The contents of the Annexure may be modified by way of additions, deletions, or substitutions from time to time as may be mutually agreed to between the two Governments. The credit will not cover third country imports. The export of goods from India and their import into Myanmar shall take place through normal commercial channels and will be subject to the laws and regulations in force in both the countries.

2. The broad terms and conditions of the line of credit are as under:
 - a) All export contracts under the line of credit will be subject to the approval of the Government of India and the Government of Myanmar and shall contain a clause to that effect. The contracts should be forwarded to the Ministry of Finance, Department of Economic Affairs, Government of India, New Delhi, for approval. The Government of Myanmar and the State Bank of India, New Delhi, will be informed in respect of each approved contract by the Ministry of Finance, Government of India.
 - b) The credit of US\$ 15 million will be available on f.o.b. (free on board) basis and will cover 100 per cent value of the eligible goods to be exported from India. The

contracts should be expressed in U.S. Dollars. Letters of credit should specify that 100 per cent value shall be financed from the credit.

- c) All disbursements under the credit should be made under letters of credit opened by banks in Myanmar only. All letters of credit shall be advised by banks in Myanmar to the State Bank of India, New Delhi, for onward transmission to the exporters either direct or through another bank in India, if any, nominated by the exporter/s. Normal commercial practices followed in respect of advising payments under letters of credit will be applicable. Further, all letters of credit should be supported by a copy of the contract and should contain the following reimbursement clause:

“Reimbursement for 100 per cent of the f.o.b. value of the contract shall be provided by the State Bank of India, New Delhi, from U.S. \$ 15 million credit extended by the Government of India to the Government of Myanmar. The letter of credit is negotiable after the State Bank of India has issued an advice that it is operative.”

3. The contracts to be financed under the credit agreement for items specified in paragraph 1 of the Annexure should be signed and relative letters of credit established by November 30, 2001. The terminal date for drawal of the full amount under the credit has been fixed as November 30, 2002. In the case of items specified in paragraph 2 of the Annexure, contracts should be signed, letters of credit opened and the full amount be drawn on or before November 30, 2001. If the full amount of the loan is not drawn by the above dates, the balance will be cancelled and the final instalment of the repayment to be made by the Government of the Union of Myanmar shall be reduced accordingly, except as may otherwise be agreed to by the Government of India.

4. Shipments of goods covered by the credit agreement should be declared on GR/SDF Forms, with a prominent superscription reading ‘Exports to Myanmar under credit agreement dated November 17, 2000 between the Government of India and the Government of the Union of Myanmar.’ The number and date of this circular should also be recorded on the GR/SDF Forms in the space provided therefor. On receipt of the full payment of the bills in the manner indicated above, authorised dealers should certify duplicate copies of the relative GR/SDF Forms and forward them to the concerned Regional Office of Reserve Bank of India in the prescribed manner.

5. Ordinarily, no agency commission shall be payable in respect of exports financed under the line of credit. However, Reserve Bank may consider on merit, requests for payment of commission upto a maximum extent of 5 per cent of the f.o.b. value in respect of goods which require after sales service. In such cases, commission will have to be paid in Myanmar by deduction from the invoice value of the relevant shipment and the reimbursable amount will be 100 per cent of the f.o.b. value minus the commission paid. Approval for payment of commission should be obtained before the relevant shipment is effected.

6. Authorised dealers may bring the contents of this circular to the notice of their constituents engaged in exports to Myanmar.

7. 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). Any contravention or non-observance of these directions is subject to the penalties prescribed under the Act.

Yours faithfully
P.K. BISWAS
Chief General Manager

ANNEXURE

Nature of goods referred to in Indo-Myanmar Credit Agreement of 2000

- (1) Capital goods (along with original spare parts and accessories purchased with the capital goods and included in the original contract).
- (2) Items eligible for coverage under this credit also include consumer durables and consultancy services.