

**Indo-Mauritius Credit Agreement dated  
May 4, 2001, for US\$ 100 million  
A.P.(DIR Series) Circular No.3 (July 30, 2001)**

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

A.P.(DIR Series) Circular No.3

July 30, 2001

To

All Authorised Dealers in Foreign Exchange

Dear Sirs

**Indo-Mauritius Credit Agreement dated  
May 4, 2001, for US\$ 100 million**

The Government of India have extended a line of credit of an amount of US\$ 100 million (U.S. Dollar one hundred million only) to the Government of the Republic of Mauritius under a credit agreement entered into between the two Governments on May 4, 2001. The credit of US\$ 100 million shall be available to the Government of Mauritius for importing from India computer equipment, software, resource persons and related infrastructure equipment, broadly categorised as capital goods, consumer durables and consultancy as mentioned in the Annexure, for Cyber City and IT Education projects in Mauritius. The contents of the Annexure may be modified by way of additions, deletions or substitutions, from time to time, as may be mutually agreed upon between the two Governments. The credit will not cover third country imports. The export of goods and services from India and their import into Mauritius under the line of credit 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 contracts will be subject to the approval of the Government of India and the Government of Mauritius 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 Mauritius 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 \$ 100 million will cover 90 per cent of f.o.b. value of the eligible goods and services to be exported from India. The 10 per cent of the f.o.b. value shall be paid by the importer in U.S. Dollars at the time of opening of the letter of credit. Accordingly, letters of credit should specify that 10 per cent value shall be met out of the remittances from Mauritius while the balance 90 per cent shall be financed from the credit. The value of the contract should be expressed in U.S. Dollars.
- (c) All disbursements under the credit should be made under letters of credit opened by banks in Mauritius only. All letters of credit shall be advised by banks in Mauritius to the State Bank of India, New Delhi, for onward transmission to the exporter/s 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. All claims to the State Bank of India for payment of 90 per cent of the f.o.b. value will need to be supported by a certificate of the negotiating bank that the 10 per cent amount directly payable has been received. The letters of credit should be supported by a copy of the contract and should contain the following reimbursement clause :

“Reimbursement for 90 per cent of the f.o.b. value of the contract shall be provided by the State Bank of India, New Delhi from US\$ 100 million credit extended by the Government of the Republic of India to the Government of the Republic of Mauritius. The letter of credit is negotiable after the State Bank of India has issued an advice that it is operative. All claims to the State Bank of India for payment of 90 per cent of the f.o.b. value will need to be supported by a certificate of the negotiating bank to the effect that the 10 per cent directly payable has been received”.

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 May 31, 2002 and the full amount be drawn under the credit by May 31, 2003. In the case of items specified in paragraph 2 of the Annexure, contracts should be signed, letters of credit opened and the full amount drawn on or before May 31, 2002. If the full amount is not drawn by the aforesaid dates, the balance will be cancelled and the final instalment of the repayment to be made by the Government of Mauritius shall be reduced accordingly, except as may otherwise be agreed to by the Government of India.

4. Shipments under the credit agreement should be declared on GR/SDF/SOFTEX Forms with prominent superscription reading “Exports to Mauritius under Credit Agreement dated May 4, 2001, between the Government of India and the Government of the Republic of Mauritius”. The number and date of this circular should be recorded on the GR/SDF/SOFTEX Forms in the space provided therefor. On receipt of the full payment of bills in the manner indicated above, authorised dealers should certify duplicate copies of the relative GR/SDF/SOFTEX Forms and forward the same to the concerned office/s of Reserve Bank in the usual 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 capital goods which require after sales service. In such cases, commission will have to be paid in Mauritius by deduction from the invoice value of the relevant shipment and the reimbursable amount will be 90 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 Mauritius.

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

**K. J. UDESHI**

Chief General Manager

**ANNEXURE**

**Indo-Mauritius Credit Agreement of 2001**

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 consultancy and consumer durables.
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