

**Exim Bank's Line of Credit of USD 10 Million to
Banca Comerciala Romana(BCR), Romania**

Reserve Bank Of India
Exchange Control Department
Central Office
Mumbai 400 001

October 11, 2002

A.P.(DIR Series) Circular No.30

To
All Authorised Dealers in Foreign Exchange

Madam/Sirs,

**Exim Bank's Line of Credit of USD 10 Million to
Banca Comerciala Romana(BCR), Romania**

Export-Import Bank of India (Exim Bank) has concluded an agreement with the Banca Comerciala Romana S.A.,(BCR) on June 25, 2002, making available to the latter, a line of credit upto an aggregate sum of USD 10 million (U.S.Dollar Ten Million only). The credit has become effective from August 29, 2002, and is available for financing Indian export of eligible goods ([listed in the Annexure](#)) and related services to buyers in the borrower's country i.e. Romania. The eligible goods will also include initial spares, drawings and designs together with services related thereto. The export of goods from India and their import into the borrower's country shall be subject to the laws and regulations in force in both the countries.

2. The broad terms and conditions of the credit are as under:
- (a) Every contract under the credit will require prior approval of Exim Bank.
 - (b) The credit shall be available for financing an amount upto 90 per cent of the f.o.b.(free on board) or c.& f.(cost and freight) or c.i.f.(cost, insurance & freight)contract price of the eligible contract.
 - (c) The contract price shall be specified in U.S.Dollar and shall not be less than U.S.Dollar 50,000/- (U.S.Dollar Fifty thousand only) or any such amount as may, from time to time, be agreed upon between Exim Bank and the borrower.
 - (d) The contract signed under the credit should also provide for the following :
 - i) The buyer shall make an advance payment of 10 per cent of the contract value to the seller within 10 business days after the date of the approval of the contract by Exim Bank.

- ii) The buyer shall make payment to the seller of the balance 90% of the f.o.b./c&f/c.i.f. contract price, pro-rata against shipments, to be covered under an irrevocable letter of credit in favour of the seller.
- iii) The eligible goods shall be inspected before shipment on behalf of the buyer and the documents to be furnished by the seller to the negotiating bank under the letter of credit arrangement shall include an inspection certificate.

3. The letter of credit shall be advised through such offices of the negotiating bank in India as may be designated from time to time by Exim Bank in consultation with BCR. The letter of credit shall be subject to the Uniform Customs and Practice for Documentary Credits (1994 edition) published by the International Chamber of Commerce (Publication No.500) and shall be irrevocable and if required by a seller, be also transferable.

4. Upon presentation of documents by the beneficiary to the negotiating bank, the negotiating bank shall pay to the beneficiary an amount being not more than 90 per cent of the f.o.b./c&f/c.i.f contract value, apportionable to the relative shipment, in equivalent Indian Rupees at the spot rate of exchange of the negotiating bank, provided the documents presented are in order and are in conformity with the relevant letter of credit.

5. Where negotiation has been effected without reserve, Exim Bank shall, upon receipt of the negotiating bank's written communication, reimburse the negotiating bank in U.S. Dollar with the amount of the eligible value to the extent apportionable to the relative shipment, by transfer to the credit of the negotiating bank in such account with such bank in New York, USA, as may be specified by the negotiating bank in the communication to Exim Bank. If the negotiation has been made under reserve, Exim Bank shall make payment to the negotiating bank only after Exim Bank receives a written communication from the negotiating bank that the issuing bank which has opened /issued letters of credit, has lifted the reserve and has accepted the documents, or a communication from the issuing bank through the borrower or the negotiating bank to that effect.

6. Exim Bank shall in no way be liable or responsible for any act or omission of the negotiating bank in handling the letter(s) of credit or negotiation of documents thereunder.

7. Bank charges, expenses, commission or stamp duty payable in India shall be to the account of the seller/beneficiary and those payable in the borrower's country shall be to the account of the buyer.

8. Exporters should check with Exim Bank, in advance, before finalising the contract with the buyers, details of service fee and other charges payable by the exporters on the contract to be covered under the above Line of Credit

9. The terminal dates for opening letters of credit and utilisation of credit are August 28, 2003, and February 28, 2004, respectively.

10. Shipments under the credit will have to be declared on GR/SDF Forms as usual. All copies of GR/SDF Forms should bear a prominent superscription reading 'Export under Exim Bank line of credit dated 25 June, 2002, extended to Banca Comerciala Romana, S.A., (BCR), Romania.' The number and date of this circular should be recorded in the space provided

therefor. On receipt of full payment of bills in the manner stated above, authorised dealers should certify the duplicate copy/ies of the relative GR/SDF Form/s.

11. No agency commission shall be payable in respect of exports financed under the above 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./c&f/c.i.f. value in respect of goods specified in the Annexure and which require after-sales service. In such cases, commission will have to be paid in the borrower's country only by deduction from the invoice of the relevant shipment and the reimbursable amount by the Exim Bank to the negotiating bank will be 90 per cent of the f.o.b./c&f/c.i.f. value minus the commission paid. Approval for payment of commission should be obtained before the relevant shipment is effected.

12. Authorised Dealers may please bring the contents of this circular to the notice of their exporter constituents.

13. 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).

Yours faithfully

Grace Koshie
Chief General Manager

Annexure

[A.P.(DIR Series) Circular No.30
dated October 11, 2002]

List of Eligible Goods for finance out of the Credit

Part 'A'

1. Air Compressors.
Air conditioning, heating, cooling, fume extraction, dust collection, humidification and ventilation equipment for industrial use including blowers and exhaust fans.
2. Alcohol and brewery plant.
3. Aluminium plant and machinery.
4. Asbestos cement machinery.
5. Cement machinery.
6. Cinematographic equipment for motion picture and television studios.
7. Chemical and pharmaceutical plant and machinery .
8. Cigarette making machinery.

9. Coffee processing machinery.
10. Coke oven plant and equipment.
11. Coke oven refractories.
12. Control and Process Instruments including X-Ray equipment for Industrial Applications.
13. Copper Ore concentration machinery.
14. Dairy equipment and animal feed plant.
15. Earth moving equipment like crawler tractors, shovels, excavators, loaders, dumpers etc.
16. Edible Oil Mill machinery and oil expellers.
17. Electric motors and pumps.
18. Electronic Data Processing equipment.
19. Fertilizer plant and equipment.
20. Flour, rice, and dal mill machinery.
21. Food processing plant.
22. Foundry equipment including mould making machinery, Sand and Shot blasting equipment.
23. Freight containers.
24. Garage equipment.
25. Gas and air separation plants.
26. Glass and Ceramic machinery.
27. Heat Exchangers.
28. Integrated Steel Plants (complete or in parts), mini plants (electric arc and reduction furnaces). Re-heating and heat treatment furnaces, Rolling Mills and other finishing lines for ferrous and non-ferrous metals.
29. Ice-making machinery.
30. Industrial boilers.
31. Industrial furnaces.

32. Industrial switchboards, Control panels, circuit breakers, air break switches.
33. Jute machinery.
34. Leather tanning and processing machinery.
35. Machine tools.
36. 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.
37. Machinery for manufacturing any product figuring in Part B of this List, not specified separately in this Part.
38. Material handling equipment like fork lifts, electric lifts, cranes, hoists, etc. and conveyor systems.
39. Metal working machinery.
40. Mining machinery.
41. Motor vehicles and chassis, including three-wheelers.
42. Oil drilling rigs.
43. Oil refinery equipment.
44. Packaging and weighing machinery.
45. Pile foundation machinery.
46. Plastic machinery.
47. Power generation, transmission and distribution equipment including boilers, generators, transformers, switchgears, transmission line towers, conductors, cables, sub-station equipment and protective equipment.
48. Power line carrier communication equipment.
49. Power station structures, hydraulic structures like penstocks, gates and gearings, sub-station structures.
50. Pressure vessels.
51. Printing and book-binding machinery.
52. Pulp and Paper Mill machinery.

53. Railway electrification equipment and structures and railway signalling equipment.
54. Railway rolling stock including locomotives, wagons, coaches and trolleys.
55. Refractories for use in hot blast stoves, hot blast main and bustle pipes and blast furnace proper.
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 tracks 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'

1. Agricultural implements.

2. Auto parts.
3. Bicycles, motorcycles, scooters, mopeds and parts.
4. 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.
5. Agricultural chemicals and industrial chemicals.
6. Pressure cookers, watches and clocks, knitting/sewing machines, vaccum flasks, cutlery, plastic moulded luggage.
7. Domestic electric appliances.
8. Drugs and Pharmaceuticals.
9. Electrical equipment including low tension insulators, batteries and accumulators, parts of electrical machinery and lamps, fuses and electrodes for industrial application.
10. Electronic components.
11. Electronic goods including radios, TV, public address systems, record players, tape recorders.
12. Fibreglass, PVC & plastic based products including pipes and tubes, tyre cord.
13. Ferrous/non ferrous castings, forgings, stampings, extrusions and rolled products.
14. Ferrous/non-ferrous pipes, tubes, sheets, strips, foils, rods, wires, wire ropes.
15. Heating and cooling equipment including air conditioners, refrigerators, water coolers.
16. Industrial rubber products including tyres and tubes, cots and aprons conveyor belts, rubber rollers, hose pipes
17. Instruments for measurements, scientific survey and for surgical applications.
18. Industrial fasteners, bearings, valves, gears and gaskets.
19. X-ray and other electro-medical and other hospital equipments.
20. Office equipments including typewriters, calculators, duplicators, teleprinters.
21. Metal and plastic furniture.
22. Hand tools, cutting tools, grinding wheels, moulds dies.

23. Gas cylinders, fire fighting equipment, photographic equipment, helmets, including fibreglass helmets.
24. Any other item not included above that might be agreed upon between Exim Bank and the Borrower.