



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2004-05/119
A.P.(DIR Series) Circular No.7

August 16, 2004

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

**Exim Bank's Line of Credit of USD 10 million
to Hungarian Export - Import Bank Ltd., Hungary**

The Export-Import Bank of India (Exim Bank) has concluded an agreement with Hungarian Export-Import Bank Ltd., Hungary on November 07, 2003, making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 10 million (US Dollar ten million only). The credit agreement has become effective from July 22, 2004. The credit is available for financing export of capital and engineering goods, technologies, industrial manufactures and related services and any other goods of Indian origin, which may be agreed upon between Exim Bank and the borrower.

2. The last date for utilisation of the credit facility is July 21, 2006.
3. Shipments under the credit will have to be declared on GR/SDF Forms as per instructions issued from time to time.
4. While no agency commission shall be payable in respect of exports financed under the above line of credit, 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 exported and which require after sales service. In such cases, commission will have to be paid in Hungary only by deduction from the invoice of relevant shipment and the reimbursable amount by the Exim Bank to the negotiating bank will be 85 per cent of the f.o.b./c & f/c.i.f. value minus commission paid. Approval for the payment of commission should be obtained before the relevant shipment is effected. In other cases (i.e. exports not involving after sales service), if the exporter is required to pay agency commission, he will have to use his own resources for such payments.

5. Authorised Dealers may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office or its website.

6. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

Grace Koshie

Chief General Manager