



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

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RBI/2004-05/250

A.P. (DIR Series) Circular No.23

October 27, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

**Exim Bank's Line of Credit of USD 10 million  
to Eastern and Southern African Trade and  
Development Bank (PTA Bank)**

The Export-Import Bank of India (Exim Bank) has concluded an agreement with Eastern and Southern African Trade and Development Bank (PTA Bank) on August 31, 2004 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 on September 24, 2004. The credit is available for financing export of capital goods, plant and machinery, industrial manufactures, consumer durables and any other items eligible for being exported under the Foreign Trade Policy of Government of India from India to buyers in any of the sixteen (16) member countries of PTA Bank, viz. Burundi, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Somalia, Sudan, Tanzania, Uganda, Zambia and Zimbabwe.

2. The last dates for opening letters of credit and disbursement of credit are March 23, 2006 and September 23, 2006, respectively.

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 borrower's member countries only by deduction from the invoice of 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** 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 Dealer Banks 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 direction contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

**Grace Koshie**

**Chief General Manager**