



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

RBI/2004-05/275

A.P. (DIR Series) Circular No. 27

November 11, 2004

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Exim Bank's Lines of Credits of

(i) USD 10 Mn. to Unibanco-Uniao De Bancos Brasileiros, S.A. and

(ii) USD 56.358 Mn. to Myanma Foreign Trade Bank, Myanmar

The Export-Import Bank of India (Exim Bank) has extended Lines of Credits (LOCs) of USD 10 million (U.S. Dollar Ten million only) and USD 56.358 million (U.S. Dollar Fifty six million three hundred fifty eight thousand only) to Unibanco-Uniao De Bancos Brasileiros, S.A.(Unibanco) and Myanma Foreign Trade Bank (MFTB), Myanmar respectively. Credit agreements were concluded by EXIM Bank with Unibanco and with MFTB on June 8, 2004 and July 27, 2004 respectively. Particulars of the LOCs are indicated below :

(i) LOC to Unibanco

The credit agreement has become effective on October 14, 2004. The credit is available for financing export of any equipment, goods and / or services from India to buyers in Brazil which may be agreed to be financed by Exim Bank. The last dates for opening letters of credit and disbursement of credit are October 13, 2006 and April 13, 2007, respectively.

(ii) LOC to MFTB

The credit agreement has become effective on September 29, 2004. The credit is available for financing export of equipment, machinery, goods and services from India relating to upgradation of the Yangon - Mandalay Railway System as also upgradation and maintenance of workshops and railway tracks in Myanmar whose purchase may be agreed to be financed by MFTB and Exim Bank. The last dates for opening letters of credit and disbursement of credit are September 28, 2006 and March 28, 2007.

2. Shipments under the credits will have to be declared on GR/SDF Forms as per instructions issued from time to time.

3. No agency commission shall be payable in respect of exports financed under the above LOCs. 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 exported and which require after sales service under LOC to Unibanco. In

such cases, commission will have to be paid in Brazil by deduction from the invoice of relevant shipment and the reimbursable amount by 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. If the exporter is required to pay agency commission under LOC to MFTB or in cases not involving after sales service in respect of exports financed under LOC to Unibanco, he will have to use his own resources for such payments.

4. 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 Lines of Credit from Exim Bank's office or its website.

5. 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,

F.R. Joseph

Chief General Manager