



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

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**RBI/2004-05/373**  
**A.P. (DIR Series) Circular No.35**

**February 22, 2005**

To

All Banks Authorised to Deal in Foreign Exchange

Madam /Sirs,

**Exim Bank's Line of Credit of USD 5 million  
to Government of Lesotho**

The Export-Import Bank of India (Exim Bank) has concluded an agreement with the Government of Lesotho on October 12, 2004 making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 5 million (US Dollar five million only). 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 Foreign Trade Policy of the Government of India, from India to buyers in Lesotho.

2. The credit agreement has become effective on February 1, 2005. The last dates for opening letters of credit and disbursement of credit are January 31, 2007 and July 31, 2007 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 by deduction from the

invoice of relevant shipment to agents in Lesotho only 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 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 directions 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