

July 18, 2005

To
All Banks Authorised to Deal in Foreign Exchange

Madam/Sir,

**Exim Bank's Line of Credit of USD 2 Million
to Trade and Investment Development Corporation of the Philippines -
TIDCORP (also known as Philippine Export-Import Credit Agency –
PhilEXIM)**

The Export-Import Bank of India (Exim Bank) has concluded an agreement with the Trade and Investment Development Corporation of the Philippines (TIDCORP) on March 7, 2003 and an Amendatory Credit Line Agreement dated February 28, 2005 making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 2 Million (US Dollar Two Million only). The credit agreement has become effective on June 10, 2005. The credit is available for financing capital goods, plant and machinery, consumer durables and any other items eligible for being exported from India to buyers in Philippines under the Foreign Trade Policy of the Government of India.

2. The last dates for opening letters of credit and disbursement of credit are December 10, 2006 and June 10, 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. No agency commission is ordinarily payable under the above line of credit. However, if necessary, the exporter can use his own resources for payment of commission in free foreign exchange. Further, 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 which require after sales service. In such cases, commission will have to be paid in Philippines 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 such payment of commission should be obtained before the relevant shipment is effected.

5. Authorised Dealer Banks may bring the contents of this circular to the notice of their exporter constituents. Full details of the Line of Credit are available from the 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,

Vinay Baijal
Chief General Manager