

RBI/2005-06/277

A. P. (DIR Series) Circular No. 22

January 19, 2006

To,

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

**Exim Bank's Line of Credit of US\$ 10 Million
to Absolut Bank, Russia.**

The Export-Import Bank of India (Exim Bank) has concluded an agreement with Absolut Bank, Russia 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 December 15, 2005. The credit is available for financing exports from India of any item that might be agreed upon between Exim Bank and the borrower which is eligible for export under the Foreign Trade Policy of the Government of India. Full details of the Line of Credit are available at the Exim Bank's office or its website (www.eximbankindia.com).

2. The terminal utilization period is 24 months from the effective date of Credit Agreement i.e. December 14, 2007 which may be extended depending on utilisation. The period of disbursement is 30 months from effective date of Credit Agreement i.e. June 14, 2008 which may be extended depending on utilisation.

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

4. Reserve Bank will consider on merit, requests for payment of agency 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 Russia only by deduction from the invoice of the 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. In addition, the exporter can either use his own resources or

utilize balances in his EEFC account for payment of commission in free foreign exchange and Authorised Dealer (AD) banks may allow such remittance after realisation of full payment of contract value subject to compliance of prevailing instructions on payment of agency commission.

5. AD banks may bring the contents of this circular to the notice of their exporter constituents.

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) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Vinay Baijal)
Chief General Manager