

April 05, 2007

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit (LOC) of USD 25 million to
the Government of the Republic of Guinea Bissau**

Export-Import Bank of India (Exim Bank) has concluded an agreement dated January 13, 2007 with Government of the Republic of Guinea Bissau, making available to the latter, a Line of Credit (LOC) of USD 25 million (USD Twenty five million only) for financing projects at Guinea Bissau viz. i) US \$ 10 million for an electricity project, ii) US \$ 5 million for the food processing / agricultural sector, and (iii) the balance amount of US \$ 10 million for project(s) proposed by the Government of the Republic of Guinea Bissau and as may be agreed by Government of India / Exim Bank, and whose purchase may be agreed to be financed by Exim Bank under this Agreement to the extent of at least 85 per cent of the amount of the Credit and which are eligible for export under the Foreign Trade Policy of the Government of India.

2. The Credit Agreement under the LOC is effective from March 15, 2007. Under the LOC, the terminal utilisation period will expire at the end of 48 months from the scheduled completion date(s) of contract(s) in case of project exports and January 12, 2013 (72 months from date of execution of Credit Agreement i. e. January 13, 2007) in case of other supply contracts.

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

4. No agency commission shall be payable in respect of exports financed under the above line of credit. However, if required, the exporter may use his own resources or utilise balances of his EEFC account for payment of commission in free foreign exchange. Authorised Dealer Category - I (AD Category - I) 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 Category - I 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 at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005.

6. The Directions contained in this circular have 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,

(Salim Gangadharan)
Chief General Manager-in-Charge