

August 17, 2007

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit (LOC) of USD 5 million to
the Eastern African Development Bank, Kampala, Uganda**

Export-Import Bank of India (Exim Bank) has concluded an agreement dated November 24, 2005 with the Eastern African Development Bank (EADB), Kampala, Uganda, making available to the latter, a Line of Credit (LOC) of USD 5 million (USD Five million only) for financing exports from India of equipment, eligible goods and services, which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by Exim Bank under this agreement to member countries viz Uganda, Kenya and Tanzania.

2. The Credit Agreement under the LOC is effective from June 26, 2007. Under the LOC, the terminal date for opening Letters of Credit will be June 25, 2009 (24 months from the effective date) and the terminal date for disbursements will be December 25, 2009 (30 months from the effective date).

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. 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 up to a maximum extent of 5 per cent of the f.o.b. 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 the agents in member countries of EADB (Uganda, Kenya and Tanzania) and the reimbursable amount by the Exim Bank to the

negotiating bank will be 90 per cent of the f.o.b./ c.f.r. / c.i.f. value. 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 may use his own resources or utilize the balance in his EEFC account for such payments 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 with the 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