

December 12, 2007

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit (LOC) to USD 15 million to Eastern and Southern African Trade and Development Bank (PTA Bank)

Export-Import Bank of India (Exim Bank) has concluded an agreement dated October 16, 2007 with Eastern and Southern African Trade and Development Bank (PTA Bank), Kenya, making available to the latter a Line of Credit (LOC) for USD 15 million (USD 15 million only) . The credit is available for financing export of eligible goods and services from India to any PTA bank member countries viz., Burundi, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tanzania, Uganda, Zambia and Zimbabwe. The goods and services under the Agreement are those 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 the Exim Bank under this agreement.

2. The credit agreement is effective from November 16, 2007 and under the LOC, the terminal date for opening Letters of Credit will be November 15, 2010 (36 months from the effective date of the Credit Agreement) and terminal date for disbursements will be May 15, 2011 (42 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./ 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 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 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 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 Ganagadharan)
Chief General Manager