

January 23, 2008

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit (LOC) of USD 5 million
to Nigerian Export-Import Bank**

Export-Import Bank of India (Exim Bank) has concluded an agreement dated September 14, 2007 with the Nigerian Export-Import Bank, making available to the latter, a Line of Credit (LOC) of USD 5 million (USD Five million only) for financing export of capital and engineering goods, industrial manufactures, consumer durables, commodities and services including consultancy services from India. The goods and services for export 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 Exim Bank under this agreement. Out of the total credit under this Agreement, the goods and services of the value of at least 85 per cent of the contract price shall be supplied by the seller from India.

2. The Credit Agreement under the LOC is effective from December 4, 2007. Under the LOC, the last date for opening Letters of Credit and disbursement will be December 3, 2009 (24 months from the effective date of the Agreement).

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, the Reserve Bank may consider, on merit, requests for payment of commission up to a maximum 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 by deduction from the invoice of relevant shipment to agents 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. Approval for the payment of commission should be obtained from the Regional Office of the Reserve Bank of India (Foreign Exchange Department) within whose jurisdiction the Head Office of the exporter is situated, 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 utilize balances of his EEFC account for payment of agency 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