

February 22, 2008

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit (LOC) of USD 122 million
to the Government of the Federal Democratic Republic of Ethiopia**

Export-Import Bank of India (Exim Bank) has concluded an agreement dated October 04, 2007 with the Government of the Federal Democratic Republic of Ethiopia, making available to the latter, a Line of Credit (LOC) of USD 122 million (USD One hundred twenty two million only) for financing export and services relating to projects for development of sugar industry in Ethiopia. The goods and services, including consultancy services, for export from India 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 and the remaining goods and services (other than consultancy services), may be procured by the seller, for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from January 22, 2008. Under the LOC, the last date for opening Letters of Credit and disbursement will be 48 months from the scheduled completion dates(s) in case of project exports and 72 months from the execution date of the Credit Agreement in case of 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 under the above line of credit. However, if required, the exporter may use his own resources or utilize 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 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