

November 05, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 33 million
to the Government of Lao People's Democratic Republic (Lao PDR)

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated August 27, 2008 with the Government of Lao People's Democratic Republic, making available to the latter, a Line of Credit (LOC) of USD 33 million (USD thirty three million) for the purpose of financing supply of equipments, goods and services including consultancy services from India for (i) Paksong S/S -Jiangxai 115 KV, double circuit Transmission Line Project ; (ii) Nam Song 7.5 MW Hydropower project and (iii) Equipment for Rural Electrification Phase 2 Project in Lao PDR . The goods and services including consultancy services from India for exports under this 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. Out of the total credit by Exim Bank 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 15 percent 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 October 14, 2008 and date of execution of Agreement is August 27, 2008. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in case of project exports and 72 months (August 26, 2014) from the execution date of the Credit Agreement in case of supply contracts.

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

4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances of his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for 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 or log on to www.eximbankindia.in.

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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

Salim Gangadharan
Chief General Manager-in-Charge