



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2009-10/188
A.P. (DIR Series) Circular No.12

October 23, 2009

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 20 million to the State of Eritrea

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated August 24, 2009 with the State of Eritrea making available to the latter, a Line of Credit (LOC) of USD 20 million (USD twenty million) for financing eligible goods and services, machinery and equipment including consultancy services from India for the purpose of financing multipurpose agricultural projects not exceeding USD 10 million [the proposed projects include Artificial Insemination Development Project, Poultry Waterer and Feeder, Establishment of Milk Collection Centers, Pressurized Irrigation System (Drip Irrigation System), Solar Pumps Project and Soil Survey and Land Evaluation Equipment] and multipurpose educational projects not exceeding USD 10 million [which include purchase of teaching materials including books, laboratory/educational equipment, chemicals, computers etc. for seven Eritrean Institutions of Higher Education established in 2003-04 viz. Eritrean Institute of Technology (EIT), CSH, CBE, COMSAT, OROTTA, HAC and CASS, in addition to the National Board of Higher Education], in Eritrea. 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 including consultancy 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 1, 2009 and date of execution of Agreement is August 24, 2009. 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 23, 2015) 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