



**Reserve Bank of India**  
Foreign Exchange Department  
Central Office, Mumbai 400 001

RBI/2007-08/268

**A. P. (DIR Series) Circular No. 32**

Dated 31st March, 2008

### **Exim Bank's Line of Credit of USD 100 million to the Government of Nepal**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated September 14, 2007 with the Government of Nepal, making available to the latter, a Line of Credit (LOC) of USD 100 million (USD One hundred million only) for financing export of eligible goods towards road projects, rural electrification projects, power transmission projects and hydro power projects in Nepal. The goods and services including consultancy services from India for exports 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. Out of the total credit by Exim Bank under this Agreement, the goods and services of the value of at least (a) 85 per cent of the contract price if they are required for major repairs to Devighat hydro power project, (b) 70 per cent of the contract price if they are to be used for interconnectivity/ transmission lines project, and (c) 50 per cent of the contract price in case of other projects, shall be supplied by the seller from India, and the remaining goods and associated services may be procured by the seller for the purpose of an Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from January 01, 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) in case of project exports and 72 months from the execution date of the Credit Agreement in case of other 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 EEFC 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 and the instructions on transactions with Nepal.

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](http://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.

Sd/-  
(SALIM GANGADHARAN)  
Chief General Manager-in-Charge