



Reserve Bank of India

Foreign Exchange Department, Central Office, Mumbai 400 001

RBI/2005-06/333

A. P. (DIR Series) Circular No. 26

Dated 24th March, 2006

Exim Bank's Line of Credit of USD 5 Million to Eastern and Southern African Trade & Development Bank (PTA) Bank

The Export-Import Bank of India (Exim Bank) has concluded an agreement with the Eastern and Southern African Trade & Development Bank (PTA Bank) making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 5 Million (US Dollar Five Million only). The credit agreement has become effective on February 17, 2006.

2. The credit is available for financing export of eligible goods and services from India under the "Foreign Trade Policy" of the Government of India to 17 member countries of PTA Bank viz. Burundi, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tanzania, Uganda, Zambia & Zimbabwe in Eastern and Southern Africa. Full details of the Line of Credit are available at Exim Bank's office or its website (www.eximindia.com).

3. The last dates for opening letters of credit and disbursement of credit are August 16, 2007 and February 16, 2008, respectively.

4. Shipments under the credit will have to be declared on GR/SDF Forms as per instructions issued from time to time.

5. Exporters can either use their own resources or utilise the balances in their EEFC account for payment of agency commission in free foreign exchange, for export of goods under the LOC. However, no reimbursement will be available to the exporter from Exim Bank for payment of agency commission under the LOC. Authorised Dealer banks may allow remittance towards agency commission after realisation of full payment of contract value subject to compliance of prevailing instructions on payment of agency commission.

In addition, Reserve Bank may, on merit, consider requests for payment of commission upto a maximum limit of 5 per cent of the f.o.b./c&f/c.i.f. value in respect of goods exported **which require after-sales-service**. In such cases, commission will have to be paid in member countries of PTA Bank only, by deduction from the invoice of the relevant shipment 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 minus commission paid. Approval of Reserve Bank of India for such payment of commission should be obtained before the relevant shipment is effected.

6. Authorised Dealer banks may bring the contents of this Circular to the notice of their exporter constituents.

7. 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.

Sd/-
(VINAY BAIJAL)
Chief General Manager