

**Exim Bank's Line of Credit of US \$ 5 Million
to Hatton National Bank Ltd. (HNB), Sri Lanka
A.P.(DIR Series) Circular No.1 (July 2, 2003)**

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

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July 2, 2003

To
All Authorised Dealers in Foreign Exchange

Madam / Sirs,

**Exim Bank's Line of Credit of US \$ 5 Million
to Hatton National Bank Ltd. (HNB), Sri Lanka**

Export-Import Bank of India (Exim Bank) has concluded an agreement with Hatton National Bank Ltd. (HNB), Sri Lanka on February 12, 2003, making available to the latter, a line of credit (LOC) upto an aggregate sum of US \$ 5 Million (U.S. Dollar five million only). The credit has become effective from May 20, 2003 and is available for financing export from India of capital goods, plant and machinery, industrial manufactures, consumer durables and other items which are eligible for being exported under the Exim Policy of the Government of India and related services to buyers in the borrower's country, i.e. Sri Lanka.

2. The terminal dates for opening letters of credit and utilization of credit are November 19, 2004 and May 19, 2005, respectively.

3. Shipments under the credit will have to be declared on GR / SDF Forms as usual.

4. No agency commission shall be payable in respect of exports financed under the above line of credit. However, Reserve Bank may consider, on merit, requests for payment of commission upto a maximum extent of 5% of the f.o.b. / c&f / c.i.f. value in respect of goods exported and which require after-sales service. In such cases, commission will have to be paid in Sri Lanka 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 the commission paid. Approval for payment of commission should be obtained before the relevant shipment is effected.

5. Authorised dealers 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 or its web-site.

6. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,
Grace Koshie
Chief General Manager