

Indo-Suriname Credit Agreement
dated March 17, 2003, for USD 10 Million
A.P. (DIR Series) Circular No.11 (August 20, 2003)

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

A.P. (DIR Series) Circular No.11

August 20, 2003

To

All Authorised Dealers in Foreign Exchange

Madam/ Sirs,

Indo-Suriname Credit Agreement
dated March 17, 2003, for USD 10 Million

The Government of India have extended a line of credit of an amount of USD 10 million (US Dollar Ten Million only) to the Government of Suriname under a credit agreement entered into between the two Governments on March 17, 2003. The credit will be available to the Government of Suriname, for importing from India capital goods of Indian manufacture including original spare parts and accessories purchased along with the capital goods and included in the original contract as also consultancy services and project exports including services as mentioned in the Annexure. The contents of Annexure may be modified by way of additions, deletions or substitutions from time to time as may be mutually agreed upon between the two Governments. The credit will not cover third country imports. The export of goods and services from India and their import into Suriname under the line of credit shall take place through normal commercial channels and will be subject to the laws and regulations in force in both the countries. The broad terms and conditions of the line of credit are as under :-

- i) All contracts will be subject to the approval of the Government of India and the Government of Suriname and shall contain a clause to that effect. All contracts should be sent to the Ministry of Finance, Department of Economic Affairs, Government of India, New Delhi for approval. After each contract has been approved, intimation thereof will be sent to the Government of Suriname and to the State Bank of India, New Delhi, by the Ministry of Finance, Government of India.
- ii) The credit will be available for 90 per cent of the f.o.b. value of the eligible goods and services to be exported from India. The 10 per cent of the f.o.b. value shall be paid by the importer in freely convertible foreign currency at the time of opening of the letter of credit. Accordingly, letters of credit should specify that 10 per cent f.o.b. value shall be met out of the remittances from Suriname while the balance 90 per cent shall be financed from the credit. The value of the contract should be expressed in US Dollars.
- iii) All disbursements under the credit shall be made under letters of credit opened by the banks in Suriname. All letters of credit will be advised by banks in Suriname to the State Bank of India, New Delhi for onward transmission to the exporter/s either direct or through another bank in India, if any, nominated by the exporter/s.

Normal commercial practices followed in respect of advising payments under letters of credit will be adopted to ensure that the remaining 10 per cent of the amount of letter of credit is received in US Dollars. All claims to the State Bank of India for payment of 90 per cent of the f.o.b. value will need to be supported by a certificate of the negotiating bank that the 10 per cent amount directly payable has been received. The letters of credit should be supported by a copy of the contract and should contain the following reimbursement clause :-

“Reimbursement for 90 per cent of the f.o.b. value of the contract shall be provided by the State Bank of India, New Delhi from USD 10 million credit extended by the Government of India to the Government of Suriname. The letter of credit is negotiable after the State Bank of India has issued an advice that it is operative. The letter of credit will be made operative by the State Bank of India after verifying that the reimbursement from the credit is sought for 90 per cent of the f.o.b. value only and it will be the responsibility of the negotiating bank to ensure that the remaining 10 per cent of the amount of the letter of credit is received in US Dollar. All claims to the State Bank of India for payment of 90 per cent of the f.o.b. value will need to be supported by a certificate of the negotiating bank to the effect that the 10 per cent directly payable has been received.”

2. Contracts to be financed under the credit agreement for items specified in paragraph 1 of the Annexure should be signed and relative letters of credit established by April 1, 2006, and the full amount be drawn under the credit by April 1, 2006. Contracts to be financed under the credit agreement for items specified in paragraph 2 of the Annexure should be signed and letters of credit be opened and the full amount be drawn by April 1, 2004. If the full amount is not drawn by the aforesaid date, the balance will be cancelled and the final instalment of the repayment to be made by the Government of Suriname shall be reduced accordingly, except as may otherwise be agreed to by the Government of India.

3. Shipments of goods and export of consultancy services covered by the credit agreement should be declared on GR/SDF/SOFTEX Forms with prominent superscription reading “Exports to Suriname under Credit Agreement dated March 17, 2003 between the Government of India and the Government of Suriname.” The number and date of this circular should be recorded on the GR/SDF/SOFTEX Forms in the space provided therefor. On receipt of the full payment of the bills in the manner indicated above, authorised dealers should certify duplicate copies of the relative GR/SDF/SOFTEX Form.

4. Ordinarily, no agency commission shall be payable in respect of exports financed under the line of credit. However, Reserve Bank may consider on merit, requests for payment of commission upto a maximum extent of 5 per cent of the f.o.b. value in respect of capital goods which require after sales service. In such cases, commission will have to be paid in Suriname by deduction from the invoice value of the relevant shipment and the reimbursable amount will be 90 per cent of the f.o.b. 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 constituents engaged in exports to Suriname.

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

ANNEXURE

[A.P.(DIR Series) Circular No.11
dated August 20, 2003]

**Nature of goods referred to in India-Suriname
Credit Agreement of 2003**

1. Capital goods (along with original spare parts and accessories purchased with the capital goods and included in the original contract) and project exports including services required for, in the areas of technical cooperation, research, purchase of goods such as heavy equipment and strengthening of institutional capability and capacity.
2. Items eligible for coverage under this credit also include consultancy in the area of strengthening of institutional capability and capacity.