



**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
MUMBAI - 400 001**

RBI/2004/63

A.P. (DIR Series) Circular No.70

February 20, 2004

To

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

**Exim Bank's Line of Credit of USD 10 million
to ABSA Bank Ltd., South Africa.**

Export-Import Bank of India (Exim Bank) has concluded an agreement with ABSA Bank Ltd., South Africa on July 4, 2003 making available to the latter, a Line of Credit (LOC) upto an aggregate sum of USD 10 million (U.S. Dollar ten million only). The Credit Agreement has become effective from December 30, 2003 and is available for financing export from India of Category 'A' and Category 'B' goods as per Memorandum of Instructions on Project & Service Exports (Memorandum PEM) and any other item including raw materials and commodities that may be agreed upon between Exim Bank and ABSA Bank Ltd. to buyers in South Africa.

2. The terminal dates for opening letters of credit and utilisation of credit are June 29, 2005 and December 29, 2005, respectively.

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

4. While no agency commission shall be payable in respect of exports financed under the above line of credit, Reserve Bank may consider, on merit, requests for payment of commission upto a maximum extent of 5 per cent 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 South Africa 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.

In other cases (i.e. exports not involving after sales service), if the exporter is required to pay agency commission, he will have to use his own resources for such payments.

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 website.

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

Yours faithfully,

Grace Koshie

Chief General Manager