



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2009-10/310
A.P. (DIR Series) Circular No.32

February 9, 2010

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit (LOC) of USD 100 million to Bank for
Development and Foreign Economic Affairs (Vnesheconombank), Russia**

Export-Import Bank of India (Exim Bank) has concluded an agreement dated December 7, 2009 with the Bank for Development and Foreign Economic Affairs (Vnesheconombank), Russia, making available to the latter, a Line of Credit (LOC) of USD 100 million (USD one hundred million) for financing exports of equipment, technology or any goods and services from India. The goods and services for export 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 Exim Bank under this agreement.

2. The Credit Agreement under the LOC is effective from January 18, 2010. Under the LOC, the terminal date for opening Letters of Credit is January 17, 2013 (36 months from the effective date of the Agreement) and terminal date of disbursements is July 17, 2014 (42 months from the effective date of the Agreement).

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

4. While no agency commission shall be payable in respect of exports financed under the above line of credit, the Reserve Bank may consider, on merit, requests for payment of commission up to a maximum of 5 per cent of the f.o.b. /

(free on board)/ c&f (cost and freight)/ c.i.f. (cost, insurance and freight) value in respect of goods exported and which require after sales service. In such cases, commission will have to be paid by deduction from the invoice of relevant shipment to agents 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 for the payment of commission should be obtained from the Foreign Exchange Department, Reserve Bank of India, under whose jurisdiction the Head Office of the exporter is situated, before the relevant shipment is effected. In other cases (i.e. exports not involving after sales service), if required the exporter may use his own resources or utilize balances of his Exchange Earners' Foreign Currency Account for payment of agency 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 of prevailing instructions on payment of agency commission.

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.

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 is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)

Chief General Manager-in-Charge