

January 09, 2007

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit to USD 10 million to the
Banco de Comercio Exterior de Colombia S.A. (Bancoldex), Colombia

The Export-Import Bank of India (Exim Bank) has concluded an agreement dated August 31, 2006 with Banco de Comercio Exterior de Colombia S.A. (Bancoldex), Republic of Colombia, making available to the latter, a Line of Credit (LOC) for USD 10 million (USD Ten million only). The credit is available for financing export of goods from India, which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase Exim Bank may agree to finance under this agreement.

2. The credit agreement under the LOC is effective from November 27, 2006 and the terminal date for opening Letters of Credit will be November 26, 2007 (12 months from the effective date of the Credit Agreement) and terminal date for disbursements will be May 26, 2009 (30 months from the effective date of the Credit 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, 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 Republic of Colombia only, by deduction from the invoice of 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 for the payment of commission should be obtained 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 utilise balances of his EEFC account for payment of commission, in free foreign exchange. Authorised Dealer Category - I (AD Category - I) banks may allow such remittance after realisation 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,
(M. Sebastian)
Chief General Manager