All Category – I Authorised Dealer Banks

Madam/Sir

**Exim Bank’s Government of India supported Line of Credit (LOC) of USD 500 million to the Government of Bangladesh**

Export-Import Bank of India (Exim Bank) has entered into an agreement dated April 11, 2019 with the Armed Forces Division, Government of the People’s Republic of Bangladesh for making available to the latter, a Government of India supported Line of Credit (LoC) of USD 500 million (USD Five hundred million only) for the purpose of financing defence related procurement, in the Republic of Bangladesh. Under the arrangement, financing of export of eligible goods and services from India, as defined under the agreement, would be allowed subject to their being eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement. Out of the total credit by Exim Bank under the agreement, goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India, and the remaining 25 per cent of goods and services may be procured by the seller for the purpose of the eligible contract from outside India (including Bangladesh). However, based on the nature of the procurement, the eligible goods and services up to the contract price to be supplied by the Seller from India may be further reduced from 75% to 65% and further reduction may be considered on a case to case basis, based on negotiation between the Borrower and GOI. Such exemption may be mutually agreed upon before the goods and services are tendered.
2. The Agreement under the LoC is effective from November 07, 2019. Under the LOC, the terminal utilization period is 10 years from the date of signing of the Agreement.

3. Shipments under the LoC shall be declared in Export Declaration Form as per instructions issued by the Reserve Bank from time to time.

4. No agency commission is payable for export under the above LoC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners’ Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category- I) banks may allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for 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 complete details of the LoC from the Exim Bank’s office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or from their website www.eximbankindia.in

6. The directions contained in this circular have been issued under section 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully

(R K Moolchandani)
Chief General Manager