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## FOREIGN LETTER OF CREDIT

Type of Credit	Non Fund Based Limit
Purpose	Foreign Letters of Credit is issued for purchase of importing raw materials/inputs and capital goods from foreign countries.
Bankers undertaking	Opening Bankers undertake to honor drafts drawn by the seller in accordance with the terms and conditions specified in the letter of credit.
Benefits of Letter of Credit	<ul style="list-style-type: none"><li>• FLC mechanism is a widely used device to finance international trade as it safeguards the interest of both the importer (buyer) and the overseas supplier (seller).</li><li>• The importer knows that the negotiating bank will not effect payment to the seller unless and until the latter tenders the documents strictly in accordance with the Credit terms (terms of the FLC).</li><li>• The seller is assured of getting payment as long as he presents the documents as per FLC terms to the negotiating bank.</li></ul>
Quantum of Limit	Need Based
Commission	As per guidelines subject to changes

Conditions apply. The information provided above is only illustrative and not exhaustive.

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