



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

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**RBI/2009-10/334**  
**A.P. (DIR Series) Circular No.39**

**March 02, 2010**

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 5](#) dated August 1, 2005, [A.P. \(DIR Series\) Circular No. 46](#) dated January 2, 2009, [A.P. \(DIR Series\) Circular No. 71](#) dated June 30, 2009 and para 2 (iv) of [A.P. \(DIR Series\) Circular No. 19](#) dated December 9, 2009 relating to the External Commercial Borrowings (ECB).

2. As per the extant ECB policy, Non-Banking Finance Companies (NBFCs), which are exclusively engaged in financing of infrastructure sector, are permitted to avail of ECB from the recognized lender category including international banks, under the approval route, for on-lending to the infrastructure sector, as defined in the extant ECB policy.

3. In view of the thrust given to the development of the infrastructure sector, a separate category of NBFCs viz. Infrastructure Finance Companies (IFCs) has been introduced in terms of the guidelines contained in [circular DNBS.PD.CC No. 168/03.02.089/2009-10](#) dated February 12, 2010. In view of the new category of NBFCs being in place, the dispensation provided in para 2 above is not considered necessary. Accordingly, proposals for ECBs by the IFCs, which have been classified as such by the Reserve Bank, for on-lending to the infrastructure sector, as defined in the extant ECB policy may be considered under the approval route, subject to their complying with the following conditions:

- i) compliance with the norms prescribed in the aforesaid DNBS Circular dated February 12, 2010;
- ii) hedging of the currency risk in full; and
- iii) the total outstanding ECBs including the proposed ECB not exceeding 50 per cent of the Owned Funds.

The AD Category-I bank should certify the compliance with the above conditions by the IFCs.

4. All other aspects of ECB policy such as USD 500 million limit per company per financial year under the automatic route, eligible borrower, recognised lender, end-use, average maturity period, prepayment, refinancing of existing ECB, reporting arrangements and terms and conditions stipulated in the A.P. (DIR Series) Circulars shall remain unchanged.

5. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

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

Yours faithfully,

**(Salim Gangadharan)**

**Chief General Manager-in-Charge**