



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

RBI/2014-15/425

A.P. (DIR Series) Circular No.64

January 23, 2015

To

The Authorised Dealer Category-I Banks

Madam / Dear Sir

External Commercial Borrowings (ECB) Policy – Simplification of Procedure

Attention of the Authorised Dealer (AD) Category-I banks is invited to the following provisions contained in the undernoted A.P. (DIR Series) Circulars through which powers have been delegated to them to deal with cases related to change in draw-down and repayment schedules of ECBs subject to conditions stipulated therein:

- i. Provisions contained in the paragraph 3 (a) of [A.P. \(DIR Series\) Circular No. 33 dated February 09, 2010](#)
- ii. Provisions contained in paragraphs 3 (a) and (b) of [A.P. \(DIR Series\) Circular No. 75 dated February 07, 2012](#)
- iii. Provisions contained in the [A.P. \(DIR Series\) Circular No. 128 dated May 09, 2014.](#)

2. On a review, as a measure of simplification of the existing procedure for rescheduling / restructuring of ECBs and in supersession of aforesaid provisions, it has been decided to delegate powers to the designated AD Category-I banks to allow:

- i. Changes / modifications (irrespective of the number of occasions) in the draw-down and repayment schedules of the ECB whether associated with change in the average maturity period or not and / or with changes (increase/decrease) in the all-in-cost.
- ii. Reduction in the amount of ECB (irrespective of the number of occasions) along with any changes in draw-down and repayment schedules, average maturity period and all-in-cost.
- iii. Increase in all-in-cost of ECB, irrespective of the number of occasions.

3. This measure is subject to the designated AD Category-I bank ensuring the following:

- i. Revised average maturity period and / or all-in-cost is / are in conformity with the applicable ceilings / guidelines; and
- ii. The changes are effected during the tenure of the ECB.

4. If the lender is an overseas branch / subsidiary of an Indian bank, the changes shall be subject to the applicable prudential norms.

5. It has also been decided to delegate powers to the designated AD Category-I banks to permit changes in the name of the lender of ECB after satisfying themselves with the bonafides of the transactions and ensuring that the ECB continues to be in compliance with applicable guidelines. Further, the AD Category-I banks may also allow the cases requiring transfer of the ECB from one company to another on account of re-organisation at the borrower's level in the form of merger / demerger / amalgamation / acquisition duly as per the applicable laws / rules after satisfying themselves that the company acquiring the ECB is an eligible borrower and ECB continues to be in compliance with applicable guidelines.

6. These measures of simplification will be applicable for ECBs raised both under the automatic and approval routes. FCCBs will, however, not be covered within these provisions.

7. These changes in the terms and conditions of ECB and / or any other changes allowed by the AD Category-I banks under the powers already delegated and / or changes approved by the Reserve Bank should be reported to the Department of Statistics and Information Management (DSIM) of the Reserve Bank through revised Form 83 at the earliest, in any case not later than 7 days from the changes effected. While submitting revised Form 83 to the DSIM, the changes should be specifically mentioned in the communication. Further, these changes should also get reflected in the ECB 2 returns appropriately.

8. The modification to the ECB policy will come into force with immediate effect. All other aspects of the ECB policy shall remain unchanged.

9. AD Category-I banks may bring the contents of this Circular to the notice of their constituents and customers.

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

Yours faithfully

B P Kanungo
Principal Chief General Manager