



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

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**RBI/2009-10/456**

**A. P. (DIR Series) Circular No. 51**

**May 11, 2010**

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy**

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No.05](#) dated August 1, 2005 and [A.P. \(DIR Series\) Circular No.39](#) dated March 02, 2010 relating to External Commercial Borrowings (ECB).

2. On a review of the policy, it has been decided to modify the extant ECB policy in respect of the Infrastructure Finance Companies (IFCs) i.e. Non Banking Financial Companies (NBFCs) categorised as IFCs by the Reserve Bank. As per the extant norms, IFCs have been permitted to avail of ECBs for on-lending to the infrastructure sector, as defined in the extant ECB policy, under the **approval route**. As a measure of liberalisation of the existing procedures, it has been decided to permit the IFCs to avail of ECBs, including the outstanding ECBs, up to 50 per cent of their owned funds under the **automatic route**, subject to their compliance with the prudential guidelines already in place. ECBs by IFCs above 50 per cent of their owned funds would require the approval of the Reserve Bank and will, therefore, be considered under the **approval route**. Designated Authorized Dealer banks should ensure compliance with the extant norms while certifying the ECB application both under the automatic and approval routes.

3. All the 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 and reporting arrangements remain unchanged.

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

5. 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**