



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

RBI/2011-12/367
A.P. (DIR Series) Circular No.70

January 25, 2012

To
All Authorised Dealer Category- I Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy – Infrastructure
Finance Companies (IFCs)**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), amended from time to time and [A. P. \(DIR Series\) Circular No. 51 dated May 11, 2010](#) relating to External Commercial Borrowings (ECBs). As per the extant guidelines, Non-Banking Finance Companies (NBFCs) categorized as Infrastructure Finance Companies (IFCs) by the Reserve Bank and complying with the norms prescribed in the [DNBS Circular DNBS.PD.CC.No.168/03.02.089/2009-10 dated February 12, 2010](#) are permitted to avail of ECBs, including the outstanding ECBs, up to 50 per cent of their owned funds under the automatic route. ECBs by IFCs above 50 per cent of their owned funds are being considered under the approval route. The permitted end-use should be for on-lending to the infrastructure sector, as defined under the extant ECB policy. IFCs should also hedge their currency risk in full.

2. It has now been decided that the designated AD Category – I banks should certify the **leverage ratio** (i.e. outside liabilities/owned funds) of IFCs desirous of availing ECBs under the **approval route** while forwarding such proposals to the Reserve Bank of India.

3. All other aspects of the ECB policy, such as eligible borrower, recognised lender, maximum permissible limit under the automatic route, average maturity, all-in-cost, end-use, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

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

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager