



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

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**RBI/2012-13/201**

**A.P. (DIR Series) Circular No. 27**

**September 11, 2012**

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy – Bridge Finance for infrastructure sector**

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 26 dated September 23, 2011](#).

2. As per the extant guidelines, Indian companies in the infrastructure sector, where “infrastructure” is as defined under the extant guidelines on External Commercial Borrowings (ECB), have been allowed to import capital goods by availing of short term credit (including buyers’ / suppliers’ credit) in the nature of 'bridge finance', under the approval route, subject to the following conditions:-

- (i) the bridge finance shall be replaced with a long term ECB;
- (ii) the long term ECB shall comply with all the extant ECB norms; and
- (iii) prior approval shall be sought from the Reserve Bank for replacing the bridge finance with a long term ECB.

3. On a review, it has been decided to allow refinancing of such bridge finance (if in the nature of buyers'/suppliers' credit) availed of, with an ECB under the **automatic route** subject to the following conditions:-

- (i) the buyers'/suppliers' credit is refinanced through an ECB before the maximum permissible period of trade credit;
- (ii) the AD evidences the import of capital goods by verifying the Bill of Entry;

- (iii) the buyers'/suppliers' credit availed of is compliant with the extant guidelines on trade credit and the goods imported conform to the DGFT policy on imports; and
- (iv) the proposed ECB is compliant with all the other extant guidelines relating to availment of ECB.

4. The borrowers will, therefore, approach the Reserve Bank under the approval route only at the time of availing of bridge finance which will be examined subject to conditions mentioned in para 2(i) and (ii).

5. The designated AD - Category I bank shall monitor the end-use of funds and banks in India will not be permitted to provide any form of guarantees for the ECB. All other conditions of ECB, such as eligible borrower, recognized lender, all-in-cost, average maturity, end-use, maximum permissible ECB per financial year under the automatic route, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged and should be complied with.

6. The amended ECB policy will come into force with immediate effect and is subject to review.

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

8. 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**