



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

RBI/2012-13/429

A.P. (DIR Series) Circular No. 87

March 5, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy –
Corporates under Investigation**

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 71 dated June 30, 2009](#) and Third Amendment to [FEMA Notification No.3 \(FEMA 197/2009-RB\) dated September 22, 2009](#)

2. As per the extant guidelines, corporates that are under investigation by any law enforcing agencies like the Directorate of Enforcement (DoE), etc. are not allowed to access ECB under the Automatic route. Any request by such corporates for ECB is examined by the Reserve Bank under the approval route.

3. On a review, it has been decided to permit all entities to avail of ECBs under the automatic route as per the current norms, notwithstanding the pending investigations / adjudications / appeals by the law enforcing agencies, without prejudice to the outcome of such investigations / adjudications / appeals. Accordingly, in case of all applications where the borrowing entity has indicated about the pending investigations / adjudications / appeals, Authorised Dealers while approving the proposal shall intimate the concerned agencies by endorsing the copy of the approval letter. The same procedure will be followed by the Reserve Bank of India also while approving such proposals.

4. The modifications to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy, under the Automatic route such as amount of ECB, eligible borrower, recognised lender, end-use, all-in-cost ceiling,

average maturity period, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.

5. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 have been issued vide [Notification No.FEMA.256/2013-RB dated February 06, 2013](#), notified vide G.S.R.No.125(E) dated February 26, 2013.

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

7. The Directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

(Rudra Narayan Kar)
Chief General Manager-in-Charge