



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

RBI/2011 -12/169

A. P. (DIR Series) Circular No. 11

September 07, 2011

To

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings – Simplification of Procedure

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or lending in foreign exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), amended from time to time and the [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), amended from time to time relating to the External Commercial Borrowings (ECB).

2. As per the extant ECB procedures, any request for change of the lender for an existing ECB is required to be referred by the Authorised Dealer Bank to the Reserve Bank for necessary approval.

3. As a measure of simplification of the existing procedures, it has been decided to delegate powers to the designated AD Category-I banks to approve the request from the ECB borrowers with respect to change in the recognized lender when the original lender is an international bank or a multilateral financial institution (such as IFC, ADB, CDC, etc.) or a regional financial institution or a Government owned development financial institution or an export credit agency or supplier of equipment and the new lender also belongs to any one of the above mentioned categories, subject to the Authorised Dealer ensuring the following conditions:-

- (i) the new lender is a recognized lender as per the extant ECB norms;
- (ii) there is no change in the other terms and conditions of the ECB; and
- (iii) the ECB is in compliance with the extant guidelines.

4. However, changes in the recognized lender in case of foreign equity holder and foreign collaborator will continue to be examined by the Reserve Bank.
5. The changes in the recognized lender should be promptly reported to the Department of Statistics and Information Management, Reserve Bank of India in Form 83.
6. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy, such as, USD 500 million limit per company per financial year under the automatic route, eligible borrower, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.
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