



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

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**RBI/2011-12/200**  
**A.P. (DIR Series) Circular No. 26**

**September 23, 2011**

To

All Authorised Dealer Category I Banks

Madam / Sir,

**External Commercial Borrowings (ECB) – Bridge Finance for  
Infrastructure Sector**

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. Considering the specific needs of the infrastructure sector, the existing ECB policy has been reviewed in consultation with the Government of India and it has been decided to allow Indian companies which are in the infrastructure sector, where “infrastructure” is as defined under the extant guidelines on External Commercial Borrowings (ECB), 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. 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. The designated AD - Category I bank shall evidence the import of capital goods by verifying the Bill of Entry. All other conditions of ECB, such as eligible borrower, recognized lender, all- in-cost, average maturity, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged and should be complied with.

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

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

6. The directions contained in this circular has 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**