



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

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**RBI/2010-11/167**  
**A.P. (DIR Series) Circular No.08**

**August 12, 2010**

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy – Liberalisation**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to para 2 (iv) of the [A.P. \(DIR Series\) Circular No. 46 dated January 02, 2009](#) relating to External Commercial Borrowings (ECB) Policy.

2. At present, entities in the services sectors viz., Hotels, Hospitals and Software are allowed to avail of ECB up to USD 100 million per financial year under the Automatic Route, for foreign currency and/or Rupee capital expenditure for permissible end-uses. On a review, it has now been decided to consider applications from the corporates in the Hotel, Hospital and Software sectors to avail of ECB beyond USD 100 million under the Approval Route, for foreign currency and / or Rupee capital expenditure for permissible end-uses. The proceeds of the ECB should not be used for acquisition of land.

3. The modifications to the ECB guidelines will come into force with immediate effect. All other norms of the extant ECB policy relating to eligible borrower, recognized lender, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements would continue to apply in the case of ECBs availed of by the aforesaid sectors under the Automatic Route as indicated above.

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

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

Yours faithfully,

**(Salim Gangadharan)**

**Chief General Manager-in-Charge**