

**External Commercial Borrowings (ECBs) by Units in Special Economic Zones (SEZs)  
A.P.(DIR Series) Circular No.29 (October 18, 2003)**

**Reserve Bank of India  
Exchange Control Department  
Central Office  
Mumbai 400001**

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To  
All Authorised Dealers in Foreign Exchange

Madam / Sirs,

**External Commercial Borrowings (ECBs)  
by Units in Special Economic Zones (SEZs)**

Attention of Authorised Dealers is invited to the Guidelines on ECBs Policies & Procedures (1999-2000) and Press Release F.No.4(2)/2002-ECB dated September 15, 2002 issued by Government of India, Ministry of Finance (MOF) wherein units in Special Economic Zones (SEZs) are permitted to raise External Commercial Borrowings (ECBs).

2. It has been decided that the units in SEZs shall raise the ECBs, in compliance with the Government of India guidelines and the Press Release, referred to above and subject to the following conditions :

- a) Units in SEZ shall raise ECBs for its own requirement, and
- b) It shall not transfer or on-lend any borrowed funds to its sister concern or any other unit in Domestic Tariff Area (DTA).

This is consistent with ECB guidelines at para VI(b) of Government of India Press Release referred to above.

3. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.

4. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act 1999 (42 of 1999).

Yours faithfully,  
**Grace Koshie**  
Chief General Manager