

**January 23, 2006**

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

**External Commercial Borrowings (ECB) by Multi-State Co-operative Societies**

Attention of Authorised Dealer banks is invited to paragraph 1(B) (i) of the Annex to A. P. (DIR Series) Circular No.5 dated August 1, 2005 regarding borrowers eligible to access External Commercial Borrowings (ECB) under the Approval Route.

2. Keeping in view recent developments and representations received from various organisations, it has been decided to allow Multi-State Co-operative Societies engaged in manufacturing activity to raise ECB. The proposals for ECB by Multi-State Co-operative Societies engaged in manufacturing activity would be considered by the Reserve Bank under the Approval Route, provided :

- (i) the Co-operative Society is financially solvent,
- (ii) the Co-operative Society submits its up-to-date audited balance sheet and
- (iii) the proposal complies with all other parameters of ECB guidelines such as recognised lender, permitted end-use, average maturity period, all-in-cost ceiling etc. as mentioned in paragraph 1 (B) of the circular dated August 01, 2005, referred to above.

3. Authorised Dealer banks may bring the contents of this circular to the notice of their constituents and customers concerned.

4. The directions contained in this circular have been issued under section 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,

**Vinay Bajjal**  
**Chief General Manager**