



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

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**RBI/2012-13/346**

**A.P. (DIR Series) Circular No. 63**

**December 20, 2012**

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) for Micro Finance Institutions (MFIs) and Non-Government Organizations (NGOs)- engaged in micro finance activities under Automatic Route**

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, [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), amended from time to time, [A.P. \(DIR Series\) Circular No. 40 dated April 25, 2005](#) and [A.P. \(DIR Series\) Circular No. 59 dated December 19, 2011](#) relating to the External Commercial Borrowings (ECB).

2. It has been decided that the extant guidelines as specified in A.P. (DIR Series) Circular No. 59 dated December 19, 2011 will continue to be applicable until further review.

3. Hedging: ECB by MFIs/NGOs should be fully hedged. Designated AD has to ensure at the time of drawdown that the forex exposure of the borrower is fully hedged.

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

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

Yours faithfully,

**(Rashmi Fauzdar)**  
**Chief General Manager**