



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

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**RBI/2014-15/207**

**September 3, 2014**

**A.P. (DIR Series) Circular No.25**

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) in Indian Rupees**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to Regulation 6 of [Notification No. FEMA.3/2000-RB dated May 03, 2000](#) in terms of which persons resident in India may raise foreign currency loans from non-residents in accordance with the provisions contained in this Notification. Their attention is also invited to paragraph 2(ii)(a) of [AP \(DIR Series\) Circular No. 27 dated September 23, 2011](#) in terms of which all eligible borrowers are eligible to raise ECB in Indian Rupees from foreign equity holders as per the extant ECB guidelines.

2. With a view to providing greater flexibility for structuring of ECB arrangements, it has been decided that recognised non-resident ECB lenders may extend loans in Indian Rupees subject to the following conditions:

- a. The lender should mobilise Indian Rupees through swaps undertaken with an Authorised Dealer Category-I bank in India.
- b. The ECB contract should comply with all other conditions applicable to the automatic and approval routes as the case may be.
- c. The all-in-cost of such ECBs should be commensurate with prevailing market conditions.

3. For the purpose of executing swaps for ECBs denominated in Indian Rupees, the recognised ECB lender, if it desires, may set up a representative office in India following the prescribed laid down process.

4. It may be noted that the hedging arrangement for ECBs denominated in Indian Rupees extended by non-resident equity-holders shall continue to be governed by the provisions of [AP \(DIR Series\) Circular No. 63 dated December 29, 2011](#).

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 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

**B P Kanungo**  
**Principal Chief General Manager**