



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

RBI/2011-12/366
A.P. (DIR Series) Circular No.69

January 25, 2012

To
All Authorised Dealer Category- I Banks

Madam / Sir,

External Commercial Borrowings – Simplification of procedure

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](#) and the [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#) relating to the External Commercial Borrowings (ECB), as amended from time to time.

2. As per the extant ECB procedures any request for cancellation of Loan Registration Number (LRN) given by the Department of Statistics and Information Management (DSIM), Reserve Bank of India or change in permissible end-use for an existing ECB is required to be referred by the AD Category-I bank to the Foreign Exchange Department, Central Office, Reserve Bank of India for necessary approval.

3. As a measure of simplification of the existing procedures, it has been decided to delegate powers to the designated AD category-I banks to approve the following requests from the ECB borrowers, subject to specified conditions:

a) Cancellation of LRN

The designated AD Category-I bank may directly approach DSIM for cancellation of LRN for ECBs availed, both under the automatic and approval routes, subject to fulfilment of the following conditions:-

- (i) no draw down for the said LRN has taken place; and
- (ii) the monthly ECB-2 returns till date in respect of the LRN have been submitted to DSIM.

b) Change in the end-use of ECB proceeds

The designated AD Category-I bank may approve requests from ECB borrowers for change in end-use in respect of ECBs availed under the **automatic route**, subject to the following conditions:-

- (i) the proposed end-use is permissible under the automatic route as per the extant ECB guidelines;
- (ii) there is no change in the other terms and conditions of the ECB;
- (iii) the ECB is in compliance with the extant guidelines; and
- (iv) the monthly ECB-2 returns till date in respect of the LRN have been submitted to DSIM.

The AD Category – I bank shall continue to monitor the utilization of end-use proceeds and changes in the end-use should be promptly reported to DSIM, RBI in Form 83. However, change in the end-use of ECBs availed under the **approval route** will continue to be referred to the Foreign Exchange Department, Central Office, Reserve Bank of India, as hitherto.

4. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy, such as, USD 750 million limit per company per financial year under the automatic route, eligible borrower, recognized lender, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

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

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,

(Rashmi Fauzdar)
Chief General Manager