



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

**RBI/2013-14/221**  
**A.P. (DIR Series) Circular No.31**

**September 04, 2013**

To

All Authorised Dealer Category-I Banks

Madam / Sir,

**External Commercial Borrowings (ECB) from the foreign equity holder**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), as amended from time to time, relating to the External Commercial Borrowings (ECB).

2. As per the extant ECB policy, borrowings in the form of ECB cannot be utilized for general corporate purpose.

3 On a review, it has been decided to permit eligible borrowers to avail of ECB under the approval route from their foreign equity holder company with minimum average maturity of 7 years for general corporate purposes subject to the following conditions:

- (i) Minimum paid-up equity of 25 per cent should be held directly by the lender;
- (ii) Such ECBs would not be used for any purpose not permitted under extant the ECB guidelines (including on-lending to their group companies / step-down subsidiaries in India); and
- (iii) Repayment of the principal shall commence only after completion of minimum average maturity of 7 years. No prepayment will be allowed before maturity.

4. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of extant ECB guidelines shall remain unchanged.

5 A.D. 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,

**(Rudra Narayan Kar)**  
**Chief General Manager-in-Charge**