



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

RBI/2013-14/585
A.P. (DIR Series) Circular No.129

May 9, 2014

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

External Commercial Borrowings (ECB) Policy - Refinance / Repayment of Rupee loans raised from domestic banking system

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 28 dated January 25, 2010](#), [A.P. \(DIR Series\) Circular No. 04 dated July 22, 2010](#), [A.P. \(DIR Series\) Circular No. 25 dated September 23, 2011](#), [A.P. \(DIR Series\) Circular No. 111 dated April 20, 2012](#), [A.P. \(DIR Series\) Circular No. 134 dated June 25, 2012](#), [A.P. \(DIR Series\) Circular No. 26 dated September 11, 2012](#), [A.P. \(DIR Series\) Circular No. 54 dated November 26, 2012](#), [A.P.\(DIR\) Circular No.78 dated January 21, 2013](#) and [A.P. \(DIR Series\) Circular No. 12 dated July 15, 2013](#) in terms of which eligible Indian companies are permitted to refinance / repay the Rupee loans, raised by them from the domestic banking system, by raising ECB from recognised lenders, subject to conditions.

2. Attention of Authorized Dealer Category-I (AD Category-I) banks is also invited to the [Circular DBOD.No.BP.BC.107/21.04.048/2013-14 dated April 22, 2014](#) issued by the Department of Banking Operations and Development (DBOD) of RBI in terms of which repayment of Rupee loans availed of from domestic banking system through ECBs extended by overseas branches / subsidiaries of Indian banks is not permitted.

3. The issue has been examined and it has been decided that eligible Indian companies will not be permitted to raise ECB from overseas branches / subsidiaries of Indian banks for the purpose of refinance / repayment of the Rupee loans raised from the domestic banking system in respect of the following:

a. Scheme of take-out financing: Reference A.P. (DIR Series) Circular No. 04 dated July 22, 2010.

b. Repayment of existing Rupee loans for companies in infrastructure sector: Reference A.P. (DIR Series) Circulars Nos. 25 and 111 dated September 23, 2011 and April 20, 2012 respectively.

c. Spectrum allocation: Reference A.P. (DIR Series) Circulars Nos. 28 and 54 dated January 25, 2010 and November 26, 2012 respectively.

d. Repayment of Rupee loans: Reference A.P. (DIR Series) Circulars Nos. 134, 26, 78 and 12 dated June 25, 2012, September 11, 2012, January 21, 2013 and July 15, 2013 respectively.

4. The changes to the ECB policy will come into force with immediate effect. All other aspects of the ECB policy shall remain unchanged.

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,

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