



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

RBI/2012-13/367

A.P. (DIR Series) Circular No. 69

January 07, 2013

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy – Non-Banking Financial Company
– Infrastructure Finance Companies (NBFC-IFCs)**

Attention of Authorized Dealer Category-I banks is invited to [A. P. \(DIR Series\) Circular No. 51 dated May 11, 2010](#) relating to External Commercial Borrowings (ECBs) policy on NBFC-IFCs.

2. As per the extant guidelines, Non-Banking Finance Companies (NBFCs) categorized as Infrastructure Finance Companies (IFCs) by the Reserve Bank and complying with the norms prescribed in the [DNBS Circular DNBS.PD.CC.No.168/03.02.089/2009-10 dated February 12, 2010](#) are permitted to avail of ECBs, including the outstanding ECBs, up to 50 per cent of their owned funds under the automatic route. ECBs by IFCs above 50 per cent of their owned funds are being considered under the approval route. The permitted end-use should be for on-lending to the infrastructure sector, as defined under the extant ECB policy. IFCs should also hedge their currency risk in full.

3. On a review, it has been decided to enhance the ECB limit for NBFC-IFCs under the **automatic route** from 50 % of their owned funds to 75 % of their owned funds, including the outstanding ECBs. NBFC-IFCs desirous of availing ECBs beyond 75 % of their owned funds would require the approval of the Reserve Bank and will, therefore, be considered under the **approval route**.

4. It has also been decided to reduce the hedging requirement for currency risk from 100 per cent of their exposure to 75 per cent of their exposure.
5. Designated Authorized Dealer banks should ensure compliance with the extant norms while certifying the ECB application both under the automatic and approval routes. Designated AD Category – I banks shall continue to certify the leverage ratio (i.e. outside liabilities/owned funds) of NBFC-IFCs desirous of availing ECBs under the approval route while forwarding such proposals to the Reserve Bank of India as per [A.P. \(DIR Series\) Circular No.70 dated January 25, 2012](#).
6. The amended ECB policy will come into force with immediate effect and is subject to review based on the experience gained in this regard.
7. All other aspects of ECB policy, such as, eligible borrower, recognised lender, end-use, average maturity period, all-in-cost, maximum permissible limit under the automatic route, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.
8. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
9. 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,

(Dr. Sujatha E. Prasad)
Chief General Manager - in - Charge