



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
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RBI/2016-17/316

A. P. (DIR Series) Circular No.47

June 7, 2017

To

All Authorised Dealer Category – I Banks

Madam/Sir

### Issuance of Rupee denominated bonds overseas

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to Sr. No. 3, 4 and 5 of Annex to [A.P.\(DIR Series\) Circular No.17 dated September 29, 2015](#), paragraph No. 2, 3, 4 and 5 of [A.P. \(DIR Series\) Circular No. 60 dated April 13, 2016](#), paragraph No. 2 of [A.P. \(DIR Series\) Circular No. 31 dated February 16, 2017](#) and [paragraph No. 3.2, 3.3.1, 3.3.3 and 3.3.4](#) of Master Direction No.5 dated January 1, 2016 on 'External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers' (Master Direction), as amended from time to time, on the provisions of available routes of borrowing, recognized lender and all-in-cost, etc. under the framework for issuance of Rupee denominated bonds overseas.

2. On a review of the laid down framework for issuance of Rupee denominated bonds overseas (Masala Bonds) and with a view to harmonize the various elements of the ECB framework, it has been decided that any proposal of borrowing by eligible Indian entities by issuance of these bonds will be examined at the Foreign Exchange Department, Central Office, Mumbai. Further, it has also been decided to revise the provisions in respect of maturity period, all-in-cost ceiling and recognized lenders (investors) of Masala Bonds as under:

- i. **Maturity period:** Minimum original maturity period for Masala Bonds raised upto USD 50 million equivalent in INR per financial year should be 3 years and for bonds raised above USD 50 million equivalent in INR per financial year should be 5 years.

- ii. **All-in-cost ceiling:** The all-in-cost ceiling for such bonds will be 300 basis points over the prevailing yield of the Government of India securities of corresponding maturity.
  - iii. **Recognised investors:** Entities permitted as investors under the provisions of paragraph 3.3.3 of the Master Direction but should not be related party within the meaning as given in Ind-AS 24.
3. All other provisions of aforesaid [circulars dated September 29, 2015](#), [April 13, 2016](#) and [February 16, 2017](#) remain unchanged. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers.
  4. The changes / revised instructions in respect of issuance of Rupee denominated bonds will be applicable from the date of issuance of this circular.
  5. Relevant paragraphs of the [Master Directions No. 5 dated January 01, 2016](#) issued by RBI are being updated to reflect the changes.
  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

(J K Pandey)  
Chief General Manager