



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2017-18/116
A.P. (DIR Series) Circular No.15

January 4, 2018

To

All Category-I Authorised Dealer Banks

Madam / Sir

Refinancing of External Commercial Borrowings

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to paragraph 2 of the [Statement on Developmental and Regulatory Policies](#) issued along with the [Fifth Bi-monthly Monetary Policy Statement for 2017-18](#). In terms of the extant provisions in [paragraphs 2.15](#) and [2.16 \(xiii\)](#) 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", as amended from time to time, Indian corporates are permitted to refinance their existing External Commercial Borrowings (ECBs) at a lower all-in-cost. The overseas branches/subsidiaries of Indian banks are however, not permitted to extend such refinance.

2. In order to provide a level playing field, it has been decided, in consultation with the Government of India, to permit the overseas branches/subsidiaries of Indian banks to refinance ECBs of highly rated (AAA) corporates as well as Navratna and Maharatna PSUs, provided the outstanding maturity of the original borrowing is not reduced and all-in-cost of fresh ECB is lower than the existing ECB. Partial refinance of existing ECBs will also be permitted subject to same conditions.

3. All other aspects of the ECB policy remain unchanged. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

4. The aforesaid [Master Direction No. 5 dated January 01, 2016](#) is being updated to reflect the changes.

5. The directions contained in this circular have been issued under section 10(4) and 11(2) 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

Shekhar Bhatnagar
Chief General Manager-in-Charge