



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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External Commercial Borrowing (ECB) Policy – Rationalisation and Liberalization

On a review of the current ECB policy, it has been decided, in consultation with the Government of India, to further rationalise and liberalize the ECB Policy as under :

- (i) The limit for eligible borrowers to avail of ECB under the automatic route per financial year has been enhanced as follows:
 - a. corporates in real sector-industrial sector-infrastructure sector – USD 750 million or equivalent as against the present limit of USD 500 million or equivalent.
 - b. corporates in specified service sectors viz. hotel, hospital and software - USD 200 million or equivalent as against the present limit of USD 100 million or equivalent.
- (ii) 'All eligible borrowers' have been permitted to avail of ECBs designated in INR from foreign equity holders, **under the automatic/approval route**, as the case may be, subject to compliance with extant ECB guidelines.
- (iii) Corporate in the infrastructure sector can avail of ECBs for Interest During Construction (IDC) as a permissible end-use, **under the automatic/approval route**, as the case may be, subject to IDC being a part of project cost and is capitalized.
- (iv) Considering the specific needs of the infrastructure sector, Indian companies which are in the infrastructure sector have been permitted to
 - (a) utilise 25 per cent of the fresh ECB raised towards refinancing the Rupee loans availed by them from the domestic banking system, **under the approval route**, subject to the condition that at least 75 per cent of the fresh ECB proposed to be raised should be utilised for capital expenditure towards a 'new infrastructure' project(s), where "infrastructure" is as defined in terms of the extant guidelines on ECB; and
 - (b) import capital goods by availing of short term credit (including buyers' credit / suppliers' credit) in the nature of 'bridge finance', **under the approval route**, subject to certain conditions.

Detailed instructions have been issued vide [A. P. \(DIR Series\) Circular Nos. 25, 26 and 27](#) dated September 23, 2011.