

**RESERVE BANK OF INDIA
(FOREIGN EXCHANGE DEPARTMENT)
CENTRAL OFFICE
MUMBAI**

Notification No. FEMA.270 /2013-RB

March 19, 2013

**Foreign Exchange Management
(Borrowing or Lending in Foreign Exchange)
(Second Amendment) Regulations, 2013**

In exercise of the powers conferred by clause (d) of sub-section (3) of Section 6, and sub section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following amendments in the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000([Notification No.FEMA.3/2000-RB dated May 3, 2000](#)), namely:-

1. Short title and commencement :

- (a) These Regulations may be called the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) (Second Amendment) Regulations, 2013.
- (b) They shall be deemed to have come into force from the dates specified in these regulations.@

2. Amendment of the Regulations :

In the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 (Notification No.FEMA.3/2000-RB dated May 3, 2000) (hereinafter referred to as 'the principal regulations')

(A) In Schedule II,

- (i) In paragraph (3), after sub-paragraph (xiii), the following shall be inserted and shall be deemed to have been inserted with effect from 20th day of April 2012, namely:-

“(xiv) Rescheduling of an existing Foreign Currency Borrowing

“Rescheduling of outstanding amounts of loans raised in foreign exchange in accordance with the Act or the Rules and Regulations made thereunder, may be made in accordance with this Schedule at a higher cost of borrowing within the all-in-cost ceiling prescribed by the Reserve Bank, under sub-paragraph (v), from time to time.”

(ii) In paragraph (4), for sub-paragraph (i), the following shall be substituted and shall be deemed to have been substituted with effect from 20th day of April 2012, namely,

“Refinancing of outstanding amounts of loans raised in foreign exchange in accordance with the Act or the Rules and Regulations made thereunder, may be made by making fresh borrowing in foreign exchange in accordance with this Schedule at a higher cost of borrowing within the all-in-cost ceiling prescribed by the Reserve Bank from time to time, under sub-paragraph (v) of paragraph (3) and the outstanding maturity of the original borrowing is not reduced.”

(B) in Schedule III,

(i) For paragraph (1), the following shall be substituted and shall be deemed to have been substituted with effect from 11th day of September 2012, namely,

1) Foreign currency credit / loan extended for imports into India by the overseas supplier, bank and financial institution, is hereinafter referred to as 'Trade Credit' –

a) for original maturity of up to five years, subject to the terms and conditions as may be stipulated by the Reserve Bank from time to time, in respect of a company resident in India engaged exclusively in the development of infrastructure;

b) for original maturity of less than three years in respect of other resident entities.

Depending upon the source of finance, such trade credit includes suppliers' credit or buyers' credit.

Explanation: For the purpose of this regulation, 'infrastructure' means infrastructure as defined under the External Commercial Borrowing (ECB) policy from time to time.

(ii) For paragraph (2), the following shall be substituted and shall be deemed to have been substituted with effect from 11th day of September 2012, namely,

“Authorised Dealers (ADs) in foreign exchange are permitted to approve trade credits up to USD 20 million per import transaction for import of all items permissible under the Foreign Trade Policy (except Gold) with a maturity period (from the date of shipment) up to one year. For import of capital goods, ADs are permitted to approve trade credits up

to USD 20 million per import transaction with a maturity period of more than one year and up to five years in respect of a company resident in India engaged exclusively in the development of infrastructure and less than three years in respect of other resident entities. No roll-over / extension will be permitted by the AD beyond the permissible period.”

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

Foot Note:

1. @It is clarified that no person will be adversely affected as a result of retrospective effect being given to these regulations
2. The Principal Regulations were published in the Official Gazette vide No. G.S.R. No.386 (E) dated May 5, 2000 in Part II, Section 3, sub-section (i) and subsequently amended vide:
 - i. No. G.S.R.674 (E) dated August 25,2000
 - ii. No. G.S.R.476 (E) dated July 8,2002
 - iii. No. G.S.R.854 (E) dated December 31,2002
 - iv. No. G.S.R.531 (E) dated July 9,2003
 - v. No. G.S.R.533 (E) dated July 9,2003
 - vi. No. G.S.R.208 (E) dated March 23,2004
 - vii. No. G.S.R.825 (E) dated December 22,2004
 - viii. No. G.S.R.60 (E) dated February 9,2005
 - ix. No. G.S.R.739 (E) dated December 22,2005
 - x. No. G.S.R.663 (E) dated October 16,2007
 - xi. No. G.S.R.61 (E) dated January 30,2009
 - xii. No. G.S.R.547(E) dated July 27, 2009
 - xiii. No. G.S.R. 836(E) dated November 23, 2009
 - xiv. No. G.S.R.610 (E) dated August 03, 2012
 - xv. No. G.S.R.832(E) dated November 17, 2012
 - xvi. No. G.S.R.886(E) dated December 11, 2012
 - xvii. No. G.S.R.916(E) dated December 21, 2012
 - xviii. No. G.S.R.125(E) dated February 26, 2013

**Published in the Official Gazette of Government
of India – Extraordinary – Part-II, Section 3,
Sub-Section (i) dated 29.05.2013- G.S.R.No.345 (E)**