

# 6. EXTERNAL COMMERCIAL BORROWINGS

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.

# EXTERNAL COMMERCIAL BORROWINGS

- ECB – BANK LOAN, BUYERS' CREDIT, SUPPLIERS' CREDIT, SECURITIZED INSTRUMENTS AVAILABLE FROM NON-RESIDENT LENDERS WITH A MIN. AVERAGE MATURITY OF 3 YRS
- FCCBs – BOND ISSUED BY AN INDIAN CO. EXPRESSED IN FGN. CNY, WHERE PRINCIPAL + INT. IS PAYABLE IN FGN. CNY
- PREFERENCE SHARES
- FCEBs

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.

# AUTOMATIC ROUTE

## – ELIGIBLE BORROWERS

- COs. ( INCL.THOSE IN HOTEL, HOSPITAL, S/W SECTORS ) REGD. UNDER COs.ACT 1956
- IFCs, HFCs, NBFCs ( INCL.THOSE CATEGORISED AS ASSET FINANCE COS. )
- UNITS IN SEZ, NGOs ENGAGED IN MICRO-FINANCE, MFIs ( SUBJECT TO SATISFACTORY BORROWING RELATIONSHIP OF 3 YRS & DUE ),
- SIDBI – FOR ONLENDING TO MSMEs

# AUTOMATIC ROUTE

## - RECOGNISED LENDERS

- INTL. BANKS / INTL. CAPITAL MARKETS / MULTILATERAL FINANCING INSTNS./EXPORT CREDIT AGENCIES / SUPPLIERS / FOREIGN COLLABORATORS
- FGN. EQUITY HOLDER, TO BE A RECOGNISED LENDER WOULD REQUIRE MIN. HOLDING OF PAID-UP EQUITY IN BORROWER CO., AS BELOW :
  - FOR ECB UPTO USD 5 MN – PAID-UP EQUITY OF 25% HELD DIRECTLY BY LENDER
  - FOR ECB MORE THAN USD 5 MN – MIN. PAID-UP EQUITY OF 25% HELD DIRECTLY BY THE LENDER & ECB LIABILITY–EQUITY RATIO NOT EXCEEDING 4:1

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# **AUTOMATIC ROUTE - RECOGNISED LENDERS**

- **COMPONENTS OF EQUITY & CALCULATION OF ECB LIABILITY- EQUITY RATIO FOR RECKONING QUANTUM OF PERMISSIBLE ECB IS DEFINED**
- **EQUITY TO INCLUDE PAID-UP CAPITAL + FREE RESERVES**
- **ECB LIABILITY TO INCLUDE O/S LIABILITY + PROPOSED ECB**

# AUTOMATIC ROUTE - LENDER COMPLIANCE

➤ OVERSEAS ORGANISATIONS PROPOSING TO LEND ECB WOULD HAVE TO SUBMIT TO AD BANK OF BORROWER CERTIFICATE OF DUE DILIGENCE FROM OVERSEAS BANK STATING THAT :

- LENDER MAINTAINS AN A/C WITH THE BANK FOR ATLEAST 2 YRS
- IS ORGANISED AS PER LOCAL LAWS
- IS HELD IN GOOD ESTEEM BY BUSINESS/LOCAL COMMUNITY
- THERE IS NO CRIMINAL ACTION PENDING AGAINST IT.

AUDITED STAT. OF A/CS & IT RETURNS CERTIFIED BY THE OVERSEAS BANK ARE ALSO REQUIRED

- IN COUNTRIES WHERE KYC IS NOT MANDATED, INDIVIDUAL LENDERS CANNOT LEND
- ECB IN INR FROM FGN. EQUITY HOLDER PERMITTED

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# AUTOMATIC ROUTE - AMOUNTS

MAX.AMOUNT :

- FOR CORPORATE SECTOR OTHER THAN HOTEL, HOSPITAL & SOFTWARE SECTORS – USD 750 MN IN A F.Y.
- CORPORATES IN HOTEL, HOSPITAL & SOFTWARE SECTORS – USD 200 MN IN A F.Y. FOR MEETING FCN / INR CAPITAL EXPENDITURE FOR PERMISSIBLE END-USES.
- ECB SHOULD NOT BE USED FOR LAND ACQUISITION
- NGOs IN MF & MFI UPTO \$10 MN IN F.Y.
- SIDBI – UPTO 50% OF OWNED FUNDS, MAX. CEILING \$ 500 MN

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.

# ECB TENOR

- UPTO \$ 20 MN.- MIN.AVG. MATURITY OF 3 YRS
- OVER \$20 MN & UPTO \$750 MN - MIN. AVG. MATURITY OF 5 YRS



# AUTOMATIC ROUTE

## - ALL-IN-COST CEILING

ALL-IN-COST INCLUDES ROI, OTHER FEES & EXPENSES IN FGN.CNY **EXCEPT COMMITMENT FEE, PRE-PAYMENT FEE & FEES PAYABLE IN & INR. & EXCLUDES PAYMENT OF WITHHOLDING TAX IN INR.**

IN THE CASE OF FIXED RATE LOANS, SWAP COST PLUS MARGIN SHOULD BE THE EQUIVALENT OF THE FLOATING RATE + APPLICABLE MARGIN

AVERAGE MATURITY PERIOD	ALL-IN-COST CEILINGS OVER 6 MONTH LIBOR FOR CNY
3 YRS & UPTO 5 YRS	350 BASIS POINTS
MORE THAN 5 YRS	500 BASIS POINTS

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# AUTOMATIC ROUTE - PERMITTED END-USE

INVESTMENT SUCH AS IMPORT OF CAPITAL GOODS (AS PER FTP) , NEW PROJECTS, MODERNIZATION / EXPANSION OF EXISTING PRODUCTION UNITS IN REAL SECTOR – INDL. SECTOR INCL. SME, INFRASTRUCTURE & SPECIFIC SERVICE SECTORS VIZ. HOTEL, HOSPITAL, S/W IN INDIA.

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# AUTOMATIC ROUTE - PERMITTED END-USE

## **INFRASTRUCTURE IS DEFINED AS :**

- POWER
- TELECOM
- RLYS & ROADS INCL. BRIDGES
- SEA & AIRPORT,
- INDL. PARKS, URBAN INFRA ( WATER SUPPLY, SANITATION & SEWAGE PROJECTS)
- MINING, EXPLORATION & REFINING,
- COLD STORAGE OR COLD ROOM FACILITY INCLUDING FOR FARM LEVEL PRE-COOLING, PRESERVATION / STORAGE OF AGRI & ALLIED PRODUCE, MARINE PDTS & MEAT
- ENERGY ( INCL. ELECTRICITY GENERATION, DIST. ETC.)
- OIL PIPELINES / OIL GAS / LNG ETC.
- COMMUNICATION ( MOBILE TELEPHONY, COS. PROVIDING CELLULAR SERVICES, OPTIC FIBRE / CABLE N/W , BROADBAND ETC.) ,TRANSPORT,

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.

# AUTOMATIC ROUTE – PERMITTED END-USE

## FOLL. END-USES SUBJECT TO CERTAIN CONDITIONS :

- ODI IN JV / WOS
- ACQUISITION OF SHARES IN DISINVESTMENT PROCESS IN GOI DISINV. IN PSU SHARES – FOR ALL STAGES
- INTEREST DURING CONSTRUCTION (IDC) FOR INDIAN COs. WHICH ARE IN INFRA SECTOR
- LENDING TO SHGs OR FOR MICRO-CREDIT
- PAYMENT FOR SPECTRUM ALLOCATION
- LENDING TO IFCs I.E. NBFCs CATEGORISED AS IFCs – UPTO 75% OF OWNED FUNDS
- MAINTENANCE & OPERATION OF TOLL SYSTEM
- SIDBI FOR ONLENDING TO MSME
- IMPORT OF SERVICES, TECHNICAL KNOWHOW & PAYMENT OF LICENSE FEES

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.

# **AUTOMATIC ROUTE**

## **– END-USE NOT PERMITTED**

- **ON-LENDING OR INVESTMENT IN CAPITAL MKTS OR ACQUIRING A CO. OR PART THEREOF BY A CORPORATE – INCL. INVESTMENT IN SPF / MMMF**
- **REAL ESTATE SECTOR**
- **WORKING CAPITAL, GENERAL CORPORATE PURPOSE & REPAYMENT OF EXISTING RUPEE LOANS**

# AUTOMATIC ROUTE

## - GUARANTEES & SECURITY

- ISSUANCE OF GUARANTEE, SBLC, LOU OR LOC BY BANKS, FIs & NBFCs FROM INDIA RELATING TO ECB IS NOT PERMITTED
- AD I BANKS ARE DELEGATED POWERS TO CONVEY 'NOC' UNDER FEMA, 1999, FOR CREATION OF CHARGE ON IMMOVABLE ASSETS, FINANCIAL SECURITIES & ISSUE OF CORPORATE OR PERSONAL GUARANTEE IN FAVOUR OF OVERSEAS LENDER / SECURITY TRUSTEE TO SECURE ECB

# AUTOMATIC ROUTE

## - GUARANTEES & SECURITY

- BEFORE ISSUING 'NOC' FOR CREATION OF CHARGE ON IMMOV.ASSETS, FIN. SECS. & ISSUE OF CORP. OR PERSONAL GUARANTEE, AD I TO ENSURE COMPLIANCE WITH VIZ. ECB AS PER GUIDELINES, SECURITY CLAUSE EXISTS, LOAN AGREEMENT SIGNED BY BORROWER & LENDER & LRN IS OBTD., PERIOD OF CHARGE TO BE CO-TERMINUS WITH ECB & IN EVENT OF INVOCATION, ASSET WILL BE SOLD TO RESIDENT
- NOC NOT TO BE CONSTRUED AS PERMISSION TO ACQUIRE IMMOVABLE ASSETS IN INDIA BY OVERSEAS LENDER/SECURITY TRUSTEE

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# AUTOMATIC ROUTE GUARANTEES & SECURITY - ISSUE OF 'NOC'

- 'NOC' UNDER FEMA, 1999 TO RESIDENT BORROWER FOR PLEDGE OF SHARES OF BORROWING CO. HELD BY PROMOTERS AS WELL AS DOMESTIC ASSOCIATE COS. OF THE BORROWER, TO SECURE THE ECB MAY BE CONVEYED BY AD I SUBJECT TO CERTAIN STIPULATIONS & PERIOD TO BE CO-TERMINUS WITH ECB, COMPLIANCE WITH FDI POLICY TO BE ENSURED & AUDITORS CERT. REGARDING USE TO BE FURNISHED
- 'NOC' UNDER FEMA, 1999 TO THE RESIDENT BORROWER FOR ISSUE OF CORPORATE OR PERSONAL GUARANTEE MAY BE CONVEYED BY AD I SUBJECT TO CERTAIN CONDITIONS. VIZ. BOARD RESOLUTION & -TERMINUS WITH ECB PERIOD CO

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.



# AUTOMATIC ROUTE GUARANTEES & SECURITY - ISSUE OF 'NOC'

WHILE ISSUING 'NOC' UNDER FEMA, 1999 AD I BANK TO SPECIFY THAT THE 'NOC' IS ISSUED FROM THE FGN. EXCH. ANGLE UNDER THE PROVISIONS OF FEMA, 1999 & SHOULD NOT BE CONSTRUED AS AN APPROVAL BY ANY OTHER STATUTORY AUTHORITY OR GOVT. UNDER ANY LAW / REGULATION.

**IF FURTHER APPROVAL OR PERMISSION IS REQD. FROM ANY OTHER REGULATORY / STATUTORY AUTHORITY OR GOVT. UNDER THE RELEVANT LAWS / REGULATIONS, THE APPLICANT SHOULD TAKE THE APPROVAL OF THE AUTHORITY CONCERNED BEFORE UNDERTAKING THE TRANSACTION. FURTHER THE 'NOC' SHOULD NOT BE CONSTRUED AS REGULARIZING OR VALIDATING ANY IIRREGULARITIES, CONTRAVENTION OR OTHER LAPSES, IF ANY, UNDER PROVISIONS OF FEMA OR ANY OTHER LAWS OR REGULATIONS**

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.

# AUTOMATIC ROUTE

## - PARKING OF ECB PROCEEDS

- BORROWERS ARE PERMITTED TO EITHER KEEP ECB PROCEEDS ABROAD OR TO REMIT THESE FUNDS TO INDIA, PENDING UTILISATION FOR PERMISSIBLE END-USES
- PROCEEDS OF ECB RAISED ABROAD FOR INR EXPENDITURE IN INDIA, FOR CAPITAL GOODS OR ONLENDING TO SHG OR MICRO CREDIT, SPECTRUM ALLOCATION, TO BE REPATRIATED IMMEDIATELY FOR CREDIT TO BORROWERS' RUPEE ACCOUNTS WITH AD I BANK
- RUPEE FUNDS CANNOT BE INVESTED IN CAPITAL MARKETS OR REAL ESTATE OR IN CORPORATE LENDING

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# AUTOMATIC ROUTE

## - PARKING OF ECB PROCEEDS

- ECB FUNDS PARKED OVERSEAS CAN BE INVESTED OVERSEAS IN APPROVED SECURITIES
- FUNDS TO BE INVESTED SUCH THAT THE INVESTMENT CAN BE LIQUIDATED EASILY
- PRIMARY RESPONSIBILITY OF REPATRIATION OF ECB PROCEEDS FOR RUPEE EXPENDITURE LIES WITH THE BORROWER. DESIGNATED AD IS ALSO REQUIRED TO ENSURE SUCH REPATRIATION

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# AUTOMATIC ROUTE

## - MISCELLANEOUS ASPECTS

- PREPAYMENT OF ECB UPTO USD 500 MN MAY BE ALLOWED BY AD I BANK SUBJECT TO CERTAIN COMPLIANCES
- EXISTING ECB MAY BE REFINANCED BY RAISING FRESH ECB SUBJECT TO CERTAIN CONDITIONS AT LOWER ALL-IN-COST
- AD I CAN MAKE REMITTANCES OF INSTALMENTS OF PRINCIPAL, INTEREST & OTHER CHARGES IN CONFORMITY WITH ECB GUIDELINES
- AVAILMENT PROCEDURE – BORROWER MAY ENTER INTO LOAN AGREEMENT COMPLYING WITH ECB GUIDELINES WITH RECOGNISED LENDER FOR RAISING ECB UNDER AUTOMATIC ROUTE WITHOUT PRIOR RBI APPROVAL. & THEN OBTAIN LOAN REGISTRATION NO. FROM RBI BEFORE DRAWING DOWN ECB

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# AUTOMATIC ROUTE

## - MISCELLANEOUS ASPECTS

- ENTITIES WHERE INVESTIGATION / APPEAL/ ADJUDICATION IS PENDING CAN ALSO AVAIL ECB, BUT AD BANK TO MARK COPIES OF APPROVAL TO CONCERNED AUTHORITIES
- FOR ALLOTTMENT OF LRN, BORROWERS ARE REQD.TO SUBMIT FORM 83, IN DUPLICATE, CERTIFIED BY COM. SEC.(CS) OR CA,TO DESIGNATED BANK ,WHICH WILL FWD. ONE COPY TO RBI.
- AFTER OBTAINING LRN FROM RBI, BORROWER CAN DRAWDOWN THE LOAN
- ECB-2 RETURN, CERTIFIED BY DESIGNATED AD BANK IS REQD.TO BE SUBMITTED BY BORROWER ON MONTHLY BASIS TO RBI WITHIN 7 WORKING DAYS FROM THE CLOSE OF THE MONTH TO WHICH IT RELATES

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# APPROVAL ROUTE - ELIGIBLE BORROWERS

- ONLENDING BY EXIM BANK (ON A CASE BY CASE BASIS)
- BANKS / FIs WHO HAD PARTICIPATED IN TEXTILE / STEEL RESTRUCT. PKG. APPROVED BY GOI
- ECB WITH MIN. AVG. MATURITY OF 5 YRS BY NBFCs FROM RECOGNISED LENDERS FOR FINANCING IMPORT OF INFRASTRUCTURE EQUIP. FOR LEASING TO INFRA PROJECTS

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# APPROVAL ROUTE

## - ELIGIBLE BORROWERS

- NBFCs CATEGORISED AS INFRASTRUCTURE FINANCE COS. ( IFCs) & ASSET FINANCE COS. CAN AVAIL ECBs (INCL. O/S ECBs) BEYOND 75% OF THEIR OWNED FUNDS FOR ONLENDING TO INFRA SECTOR SUBJECT TO CERTAIN COMPLIANCES
- FCCBs BY HSG. FIN COS.WHO MEET THE SPECIFIED CRITERIA – MIN. NET WORTH FOR 3 YRS < RS.500 CRS, LISTED ON BSE / NSE, MIN. SIZE OF FCCBs \$ 100 MN & SUBMISSION OF UTILISATION PLAN

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# APPROVAL ROUTE

## - OTHER ELIGIBLE BORROWERS

- SPVs OR ANY OTHER ENTITY NOTIFIED BY RBI SET UP TO FINANCE INFRA. PROJECTS
- FINANCIALLY SOLVENT MULTI-STATE CO-OP SOCIETIES ENGAGED IN MFG. ACTIVITIES & WHO SUBMIT UP-TO-DATE BALANCE SHEET
- SEZ DEVELOPERS & DEVELOPERS OF NATIONAL MANUFACTURING INVESTMENT ZONES (NMIZs) FOR PROVIDING INFRA. FACILITY

WHO MEET CERTAIN CRITERIA

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.



# APPROVAL ROUTE

## - OTHER ELIGIBLE BORROWERS

- ELIGIBLE BORROWERS UNDER AUTOMATIC ROUTE OTHER THAN CORPS IN SERVICE SECTOR VIZ. HOTELS, HOSPITAL & S/W CAN AVAIL ECB BEYOND USD 750 MN OR EQUIV. IN ONE F.Y.
- CORPS IN SERVICE SECTOR VIZ. HOTELS, HOSPITAL & S/W CAN AVAIL ECB BEYOND USD 200 MN OR EQUIV. IN ONE F.Y.
- SERVICE SECTOR UNITS – OTHER THAN HOTELS, HOSPITALS & SOFTWARE – CAN AVAIL FROM EQUITY HOLDERS
- COS. IN MFG. / INFRA. SECTOR & WHO HAVE EST. JVS / WOS// HAVE ACQUIRED FGN. ASSETS IN COMPLIANCE WITH FEMA GUIDELINES
- SIDBI- BEYOND 50% OF OWN FUNDS ( MAX. \$ 500 MN. IN F.Y.) FOR LENDING TO BORROWERS FOR PERMITTED END-USE
- CORPS WHO HAVE VIOLATED EXISTANT ECB POLICY & ARE UNDER INVESTIGATION BY RBI & /OR ED CAN AVAIL ECB ONLY UNDER APPROVAL ROUTE
- CASES FALLING OUTSIDE THE PURVIEW OF THE AUTOMATIC ROUTE
- FACILITY OF \$ 10 BN. SCHEME EXTENDED

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

## APPROVAL ROUTE - RECOGNISED LENDERS

INTL BANKS , INTL. CAP MKTS, MULTI-LATERAL  
FIN. INSTNS. ( IFC / ADB ETC.)/ REGN. FIS &  
GOVT.OWNED DEV. FIN. INSTN., EXPORT CREDIT  
AGENCIES, EQUIP. SUPPLIERS, FGN.  
COLLABORATORS, FGN. EQUITY HOLDERS  
(OTHER THAN ERSTWHILE OCBs )

# APPROVAL ROUTE - RECOGNISED LENDERS

- FGN. EQUITY HOLDER, TO BE A RECOGNISED LENDER UNDER THE APPROVAL ROUTE WOULD REQUIRE MIN. HOLDING OF PAID-UP EQUITY IN BORROWER CO., AS STIPULATED – FOR ECB UPTO \$ 5 MN – 25 % MIN. PAID-UP CAPITAL & FOR ECB > \$5 MN. - 25 % MIN. PAID-UP CAPITAL & LIABILITY : EQUITY RATIO OF 7:1
- INDIRECT EQUITY HOLDER ( HAVING ATLEAST 51% STAKE)
- GROUP COS., IF BOTH LENDER AND BORROWER COS. ARE SUBS. OF SAME PARENT CO.
- COMPONENTS OF EQUITY & CALCULATION OF ECB LIABILITY-EQUITY RATIO FOR RECKONING QUANTUM OF PERMISSIBLE ECB IS DEFINED

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# APPROVAL ROUTE - AMOUNTS

ELIGIBLE BORROWERS UNDER AUTO.MATIC ROUTE CAN AVAIL ECB AS UNDER :

- FOR CORPORATE SECTOR OTHER THAN HOTEL, HOSPITAL & SOFTWARE SECTORS – BEYOND USD 750 MN IN AN F.Y.
- CORPORATES IN HOTEL, HOSPITAL & SOFTWARE SECTORS – BEYOND USD 200 MN IN AN F.Y.
- ECB SHOULD NOT BE USED FOR LAND ACQUISITION
- INDIAN COS. IN INFRA SECTOR (AS DEFINED UNDER ECB POLICY) CAN AVAIL ECBs in RENMINBI (RMB) SUBJECT TO ANNUAL CEILING OF USD 1 BN FOR ENTIRE SECTOR

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.

# APPROVAL ROUTE

## - ALL-IN-COST CEILINGS

ALL-IN-COST INCLUDES ROI, OTHER FEES & EXPENSES IN FGN.CNY **EXCEPT COMMITMENT FEE, PRE-PAYMENT FEE & FEES PAYABLE IN INR. & EXCLUDES PAYMENT OF WITHHOLDING TAX IN INR.** IN THE CASE OF FIXED RATE LOANS, SWAP COST PLUS MARGIN SHOULD BE THEEQUIVALENT OF THE FLOATING RATE + APPLICABLE MARGIN

AVERAGE MATURITY PERIOD	ALL-IN-COST CEILINGS OVER 6 M LIBOR
3 YRS UPTO 5 YRS	350 BPS
> 5 YRS	500 BPS

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# APPROVAL ROUTE - PERMITTED END-USE

- INVESTMENT SUCH AS IMPORT OF CAPITAL GOODS (AS PER FTP), NEW PROJECTS, MODERNIZATION / EXPANSION OF EXISTING PRODUCTION UNITS IN REAL SECTOR – INDL. SECTOR INCL. SME, INFRASTRUCTURE

**INFRASTRUCTURE IS DEFINED AS PER ECB POLICY**

# APPROVAL ROUTE - PERMITTED END-USE

FOLL. END-USES SUBJECT TO CERTAIN CONDITIONS

- ODI IN JV / WOS
- FOR ACQUISITION OF SHARES IN DISINVESTMENT PROCESS OF GOI DISINV. IN PSU SHARES – AT ALL STAGES
- INTEREST DURING CONSTRUCTION (IDC) FOR INDIAN COs. WHICH ARE IN INFRA SECTOR
- PAYMENT FOR SPECTRUM ALLOCATION – SUBJECT TO CONDITIONS
- REPAYMENT OF RUPEE LOANS, ATLEAST 75% FOR CAPITAL EXPENDITURE
- FOR COS. IN POWER SECTOR - REFINANCING INR LOANS SUBJECT TO CERTAIN CONDITIONS – 40% FOR RUPEE LOANS

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.

# APPROVAL ROUTE

## - END USE NOT PERMITTED

- ON-LENDING OR INVESTMENT IN CAPITAL MKTS OR ACQUIRING A CO. OR PART THEREOF BY A CORPORATE EXCEPT INFRA FIN. COS., BANKS & ELIGIBLE Fis
- REAL ESTATE SECTOR
- WORKING CAPITAL, GENERAL CORPORATE PURPOSE & REPAYMENT OF EXISTING RUPEE LOANS
- **EXCEPTION – ECB FOR GEN. CORP PURPOSE CAN BE AVAILED, WITH MIN. AVG. MATURITY OF 7 YRS & MIN. PAID-UP EQUITY TO BE HELD DIRECTLY BY LENDER & FOR PERMITTED PURPOSES & SUBJECT TO OTHER CONDITIONS**

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.



# APPROVAL ROUTE

## - PARKING OF ECB PROCEEDS

- PENDING UTILISATION FOR PERMISSIBLE END-USES
- PROCEEDS OF ECB RAISED ABROAD FOR INR EXPENDITURE IN INDIA TO BE REPATRIATED IMMEDIATELY
- ECB FUNDS PARKED OVERSEAS CAN BE INVESTED IN - DEPOSITS OR CODS OR OTHER PRODUCTS OFFERED BY BANKS OR TREASURY BILLS/OTHER RATED MONETARY INST.

# APPROVAL ROUTE

## - MISCELLANEOUS ASPECTS

- **BRIDGE FINANCE** – INDIA COS. IN INFRA SECTOR CAN IMPORT CG BY AVAILING BUYERS'/SUPPLIERS CREDIT TO BE REPLACED BY ECB
- **ECB FOR WKG. CAP. FOR AVIATION SECTOR** – DGCA LICENSED AIRLINE COS. FOR PASSENGER TRANSPORTATION CAN AVAIL ECB FOR WC FINANCE . MAX. ECB FOR 1 CO. IS \$ 300 MN. & FOR SECTOR IS \$ 1 BN.
- ECB CAN BE USED TO REFINANCE INR BORROWING FROM DOMESTIC BKG SYSTEM
- ECB FOR LOW-COST AFFORDABLE HOUSING TO BUILDER / DEV./HFCs SUBJECT TO CERTAIN CONDITIONS

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

## APPROVAL ROUTE - MISCELLANEOUS ASPECTS

- **REPAYMENT OF INR LOANS & / OR INR CAPITAL EXPENDITURE FOR COS.WITH FOREX EARNINGS** – INDIAN COS. IN MFG. & INFRA SECTOR CAN AVAIL ECB FOR REPAYMENT OF O/S INR LOANS SUBJECT TO CERTAIN CONDITIONS – TOTAL PROJECT COST OVER RS.250 CRS., CONSISTENT FOREX EARNER, NOT DEFAULTER & OTHER CONDITIONS
- REPAYMENT OF ECB SHOULD BE ONLY OUT OF FEX EARNINGS OF BORROWING CO.

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

## APPROVAL ROUTE - MISCELLANEOUS ASPECTS

- **GUARANTEES** -ISSUANCE OF GUARANTEE, SBLC, LOU OR LOC BY BANKS, FIs & NBFCs FROM INDIA RELATING TO ECB IS NOT PERMITTED W/O RBI APPROVAL
- TO FACILITATE **CAPACITY EXPANSION & TECH. UPGRADATION IN INDIAN TEXTILE INDUSTRY**,SUCH ISSUANCE IN RESPECT OF ECBs WILL BE CONSIDERED UNDER APPROVAL ROUTE SUBJECT TO PRUDENTIAL NORMS

## APPROVAL ROUTE - MISCELLANEOUS ASPECTS

- SECURITY - AD I BANKS ARE DELEGATED POWERS TO CONVEY 'NOC' UNDER FEMA, 1999, FOR CREATION OF CHARGE ON IMMOVABLE ASSETS, FINANCIAL SECURITIES & ISSUE OF CORPORATE OR PERSONAL GUARANTEE IN FAVOUR OF OVERSEAS LENDER / SECURITY TRUSTEE TO SECURE ECB

SAME PROVISIONS AS APPLICABLE FOR AUTO.  
ROUTE WILL APPLY

# APPROVAL ROUTE

## - MISCELLANEOUS ASPECTS

- ECB PROCEEDS CAN BE PARKED OVERSEAS & INVESTED IN APPROVED SECURITIES, PENDING UTILISATION
- PREPAYMENT OF ECB UPTO USD 500 MN
- ECB CAN BE REFINANCED / BY RAISING FRESH ECB OR RESCHEDULED AT LOWER ALL-IN-COST
- AD I CAN EFFECT REMITTANCES TOWARDS REPAYMENT OF PRINC/INT/CHARGES
- PROCEDURE – APPLICATION IN FORM ECB TO BE FORWARDED THRO' AD BANK TO RBI

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# APPROVAL ROUTE

## - MISCELLANEOUS ASPECTS

- FOREIGN CURRENCY EXCHANGEABLE BONDS - BOND EXPRESSED IN FCNY,
- FCEB MAY BE DENOMINATED IN ANY CNY
- ISSUING CO. SHALL BE PART OF PROMOTER GROUP OF OFFERED CO. HOLDING EQUITY SHARES OFFERED
- OFFERED CO. SHALL BE LISTED CO., ELIGIBLE TO RECEIVE FDI / AVAIL ECB
- INDIAN CO. NOT ELIGIBLE OR RESTRAINED BY SEBI TO RAISE FUNDS FROM INDIAN SECURITIES MKT., CANNOT ISSUE FCEB

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# APPROVAL ROUTE

## - MISCELLANEOUS ASPECTS

- ENTITIES COMPLYING WITH FDI POLICY AND ADHERING TO SECTORAL CAP CAN SUBSCRIBE TO FCEB , SUBJECT TO PRIOR FIPB APPROVAL, WHEREVER REQD.
- ENTITIES PROHIBITED BY SEBI FROM BUYING, SELLING OR DEALING IN SECURITIES NOT ELIGIBLE TO SUBSCRIBE TO FCEB
- MIN. MATURITY OF FCEB SHALL BE 5 YRS
- GUIDELINES RELATING TO PERMITTED END-USE OF FCEB PROCEEDS, ALL-IN-COST, PRICING , PARKING OF FCEB PROCEEDS ABROAD ETC. IN LINE WITH ECB POLICY

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.



# APPROVAL ROUTE

## - MISCELLANEOUS ASPECTS

- FCCB REDEMPTION – O/S FCCBs CAN BE REFINANCED UNDER AUTOMATIC ROUTE SUBJECT TO : CERTAIN CONDITIONS – AVG. MATURITY PERIOD & COST AS PER ECB GUIDELINES
- PURPOSE TO BE CLEARLY STATED AS 'REDEMPTION OF O/S FCCB' WHILE OBTAINING LRN
- SUCH FCCB / ECB REFINANCED SHALL BE CONSIDERED AS PART OF LIMIT OF USD 750 MN AVAILABLE UNDER AUTO ROUTE
- AD BANK TO MONITOR END-USE OF FUNDS
- ECB / FCCB BEYOND USD 500 MN FOR REDEMPTION SHALL BE UNDER APPROVAL ROUTE
- BUYBACK / PREPAYMENT OF FCCB SUBJECT TO CERTAIN CONDITIONS

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

## APPROVAL ROUTE -REPORTING ARRANGEMENTS

- FORM 83 IN DUPLICATE, DULY CERTIFIED BY CS OR CA TO BE SUBMITTED TO DESIGNATED AD BANK WHO WILL FORWARD ONE COPY TO RBI, FOR OBTAINING LRN
- DRAWDOWN CAN BE MADE AFTER OBTAINING LRN
- ECB-2 RETURN TO BE FILED BY BORROWER ON MTHLY BASIS, DULY CERTIFIED BY AD BANK

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.

# STRUCTURED OBLIGATIONS

- CLAIM OF NON-RESIDENT GUARANTOR
- CREDIT ENHANCEMENT BY ELIGIBLE NR ENTITIES TO SPECIFIED INSTRUMENTS ISSUED BY INDIAN COS. ENGAGED IN INFRA DEV & BY INFRA FIN. COS.. SUBJECT TO CERTAIN CONDITIONS
- **TAKE OUT FINANCE** – TAKE-OUT FINANCING ARRANGEMENT THRO' ECB IS PERMITTED IN THE CASE OF INFRA SECTOR, SUBJECT TO CERTAIN CONDITIONS, MIN.AVG. MATURITY OF 7 YRS

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# ECB CONVERSION INTO EQUITY

- CONVERSION OF ECB INTO EQUITY IS PERMITTED WHERE ACTIVITY OF CO. IS COVERED UNDER AUTOMATIC ROUTE OR FIPB APPROVAL IS OBTD., FGN. EQUITY IS WITHIN SECTORAL CAP & PRICING IS AS PER FEMA
- FULL CONVERSION IS TO BE REPORTED TO RBI IN FORM FC-GPR TO RBI RO & ECB-2 TO RBI
- THE ECB-2 TO BEAR THE NOTATION ' ECB WHOLLY CONVERTED TO EQUITY'
- IN CASE OF PARTIAL CONVERSION, ECB-2 SHALL BEAR APPROPRIATE NOTATION

TO BE READ WITH LATEST RBI MASTER CIRCULAR & FEMA GUIDELINES.

# CRYSTALLISATION OF ECB LIABILITY & ECB UNDER ERSTWHILE 5 MN SCHEME

- AD BANKS DESIROUS OF CRYSTALLISING FEX LIABILITY ARISING OUT OF GUARANTEES PROVIDED FOR ECB SHOULD APPLY TO CGM, FED, RBI PROVIDING FULL DETAILS
- ELONGATION OF REPAYMENT PERIOD FOR LOANS RAISED UNDER ERSTWHILE USD 5 MN SCHEME CAN BE PERMITTED BY DESIGNATED AD BANK, SUBJECT TO CERTAIN CONDITIONS

## RATIONALISATION OF PROCEDURES – DELEGATION OF POWERS TO AD

- AD CAN APPROVE CHANGES / MODIFICATIONS IN DRAWDOWN / REPAYMENT SCHEDULE, SUBJECT TO CERTAIN CONDITIONS
- IN CASE OF CHANGES IN DRAWDOWN SCHEDULE, THERE SHOULD BE NO MODIFICATION IN REPAYMENT SCHEDULE & COMPLIANCE WITH EXTANT GUIDELINES & MTHLY ECB-2 HAVE BEEN SUBMITTED TO RBI
- CHANGES TO BE REPORTED TO RBI DSIM IN FORM 83
- ANY ROLLOVER IN REPAYMENT ON EXPIRY OF ORIGINAL MATURITY OF ECB WOULD REQUIRE PRIOR RBI APPROVAL

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.

## RATIONALISATION OF PROCEDURES – DELEGATION OF POWERS TO AD

- AD CAN APPROVE CHANGE IN CNY OF BORROWING INTO ANY OTHER FREELY CONV. CURRENCY, TO BE REPORTED TO RBI IN FORM 83
- CHANGE OF AD BANK IS PERMITTED SUBJECT TO NOC FROM EXISTING DESIGNATED BANK AND AFTER DUE DILIGENCE. REPORT TO RBI IN FORM 83
- CHANGE IN NAME OF BORROWER CO. CAN BE APPROVED, SUBJECT TO SUBMISSION OF SUPPORTING DOCS. EVIDENCING CHANGE IN ROC RECORDS. REPORT TO RBI IN FORM 83

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.

# RATIONALISATION OF PROCEDURES – DELEGATION OF POWERS TO AD

- CHANGE IN ORIGINAL LENDER ALLOWED PROVIDED NEW LENDER IS ALSO RECOGNISED LENDER, REPORT TO RBI IN FORM 83
- DESIGNATED AD CAN APPROACH RBI DSIM FOR CANCELLATION OF LRN FOR ECB SUBJECT TO ENSURING THAT NO DRAWDOWN HAS BEEN MADE & MTHLY ECB-2 HAVE BEEN SUBMITTED TO RBI



## RATIONALISATION OF PROCEDURES – DELEGATION OF POWERS TO AD

- CHANGE IN END-USE OF ECB TO ANOTHER PERMISSIBLE END USE & REDN. IN LOAN AMT. OF ECB UNDER AUTOMATIC ROUTE CAN BE APPROVED BY AD BANK, SUBJECT TO CERTAIN CONDITIONS. TO BE REPORTED TO RBI IN FORM 83
- CHANGE IN END-USE & REDN. IN AMT. OF ECB AVAILABLE UNDER APPROVAL ROUTE TO BE REFERRED TO RBI , FED

## RATIONALISATION OF PROCEDURES – DELEGATION OF POWERS TO AD

- REDN. IN ALL-IN-COST OF ECB UNDER AUTO & APPROVAL ROUTE CAN BE APPROVED BY AD, SUBJECT TO LENDER'S CONSENT, ALL OTHER CONDITIONS REMAINING THE SAME & MTHLY ECB-2 RETURNS HAVE BEEN SUBMITTED TO RBI IN RESPECT OF THE LRN

THANK YOU.....

TO BE READ WITH LATEST RBI MASTER  
CIRCULAR & FEMA GUIDELINES.