



RESERVE BANK OF INDIA

Mumbai - 400 001

RBI/2018-19/48

A.P. (DIR Series) Circular No.9

September 19, 2018

To

All Category-I Authorised Dealer Banks

Madam / Sir

**External Commercial Borrowings (ECB) Policy - Liberalisation**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to paragraphs 2.4.1 and 3.3.3 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.

2. It has been decided, in consultation with the Government of India, to liberalise some aspects of the ECB policy including policy on Rupee denominated bonds as indicated below:

**(i) ECBs by companies in manufacturing sector:** As per the extant norms, ECB up to USD 50 million or its equivalent can be raised by eligible borrowers with minimum average maturity period of 3 years. It has been decided to allow eligible ECB borrowers who are into manufacturing sector to raise ECB up to USD 50 million or its equivalent with minimum average maturity period of 1 year.

**(ii) Underwriting and market making by Indian banks for Rupee denominated bonds (RDB) issued overseas:** Presently, Indian banks, subject to applicable prudential norms, can act as arranger and underwriter for RDBs issued overseas and in case of underwriting an issue, their holding cannot be more than 5 per cent of the issue size after 6 months of issue. It has now been decided to permit Indian banks to participate as arrangers/underwriters/market makers/traders in RDBs issued overseas subject to applicable prudential norms.

3. All other provisions of the ECB policy shall remain unchanged. AD Category - I banks should 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 above 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

Ajay Kumar Misra  
Chief General Manager-in- Charge