



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2011-12/205
A.P. (DIR Series) Circular No. 30

September 27, 2011

To

All Authorised Dealer Category I Banks

Madam / Sir,

External Commercial Borrowings (ECB) in Renminbi (RMB)

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or lending in foreign exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), amended from time to time, the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 notified vide [Notification No. FEMA.14/2000-RB dated May 3, 2000](#), amended from time to time and the [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), amended from time to time relating to the External Commercial Borrowings (ECB).

2. Considering the specific needs of the infrastructure sector, the existing ECB policy has been reviewed in consultation with the Government of India and it has been decided to allow Indian companies which are in the infrastructure sector, where “infrastructure” is as defined under the extant guidelines on External Commercial Borrowings (ECB), to avail of **ECBs in Renminbi (RMB), under the approval route, subject to an annual cap of USD one billion pending further review.**

3. Once approved, the approval of the Reserve Bank will be valid for a period of three months from the date of issue of the approval letter and the loan agreement should be executed within the validity period. The company may thereafter submit the completed Form 83 to the Department of Statistics and Information Management (DSIM), Reserve Bank of India for allotment of loan registration number (LRN) within seven days (from the date of signing the loan agreement between the borrower and the lender). In case the borrower fails to

obtain LRN within the above period, the approval of the Reserve Bank will stand cancelled.

4. AD Category- I bank will be permitted to open Nostro accounts in Renminbi (RMB). The designated AD - Category I bank shall monitor the end-use of funds and bank(s) in India will not be permitted to provide any form of guarantee(s). All other conditions of ECB, such as eligible borrower, recognized lender, all-in-cost, average maturity, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged and shall be complied with.

5. The amended ECB policy will come into force with immediate effect and is subject to review.

6. Necessary amendments to the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 are being issued separately, wherever necessary.

7. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

8. The directions contained in this circular have been issued under sections 10(4) and 11(1) 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,

(Rashmi Fauzdar)
Chief General Manager