



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

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**RBI/2014-15/ 196**

**August 27, 2014**

**A.P. (DIR Series) Circular No.21**

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Refinancing of ECB at lower all-in-cost – Simplification of procedure**

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 5 dated August 01, 2005](#) as amended from time to time in terms of which refinancing of existing ECB by raising fresh ECB at lower all-in-cost is permitted subject to the condition that the outstanding maturity of the original loan is maintained. The cases, where the Average Maturity Period (AMP) of the fresh ECB is more than the residual maturity of existing ECB, are examined by the Reserve Bank under the approval route.

2. On a review, it has been decided to simplify the procedure by delegating powers to the AD Category – I banks to approve even those cases where the AMP of the fresh ECB is exceeding the residual maturity of the existing ECB under the automatic route subject to the following conditions:

- i. Both the existing and fresh ECBs should be in compliance with the applicable guidelines;
- ii. All-in-cost of fresh ECB should be less than that of the all-in-cost of existing ECB;
- iii. Consent of the existing lender is available;
- iv. Refinancing is to be undertaken before the maturity of the existing ECB;
- v. Borrower should not be in the default / Caution List of RBI and should not be under the investigation of the Directorate of Enforcement (DoE);

- vi. Overseas branches / subsidiaries of Indian banks will not be permitted to extend ECB for refinancing an existing ECB; and
  - vii. All requirements in respect of reporting arrangements like filing of revised Form 83, etc. are followed.
3. This facility will be available even in those cases where existing ECBs were raised under the approval route subject to the amount of new ECBs being eligible to be raised under the automatic route.
4. All other aspects of the ECB policy like eligible borrower, recognized lender, permitted end-use, amount of ECB, all-in-cost, average maturity period, reporting arrangements, etc. shall remain unchanged.
5. The modification to the ECB policy will come into force with immediate effect.
6. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.
7. 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

**(B. P. Kanungo)**  
**Principal Chief General Manager**