



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

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**RBI/2009-10/ 292**  
**A.P. (DIR Series) Circular No. 28**

**January 25, 2010**

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy**

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 5](#) dated August 1, 2005, [A.P. \(DIR Series\) Circular No. 26](#) dated October 22, 2008 and para 2 (v) of [A.P. \(DIR Series\) Circular No.19](#) dated December 9, 2009 relating to External Commercial Borrowings (ECB) for spectrum allocation.

2. As per the extant policy, eligible borrowers in the telecommunication sector are permitted to avail of ECB for the purpose of payment for spectrum allocation, under the automatic route. Keeping in view the large outlay of funds required to be paid directly to the Government within a limited period of time, it has been decided to make a one-time relaxation in the end-use conditions of the ECB policy.

3. Accordingly, the payment for spectrum allocation may initially be met out of Rupee resources by the successful bidders, to be refinanced with a long-term ECB, under the approval route, subject to the following conditions:

- i) The ECB should be raised within 12 months from the date of payment of the final installment to the Government;
- ii) The designated AD - Category I bank should monitor the end-use of funds;
- iii) Banks in India will not be permitted to provide any form of guarantees; and
- iv) All other conditions of ECB, such as eligible borrower, recognized lender, all-in-cost, average maturity, etc, should be complied with.

4. Eligible borrowers in the telecommunications sector proposing to fund the payment for Spectrum allocation directly out of the proceeds of the ECBs may continue to avail of the ECBs under the automatic route as per the extant policy.

5. All other aspects of ECB policy, such as USD 500 million limit per company per financial year under the automatic route, eligible borrower, recognised lender, end-use, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.

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

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 is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

**(Salim Gangadharan)**

**Chief General Manager-in-Charge**