

The Foreign Exchange Management (Borrowing Or Lending In Foreign Exchange) Regulations, 2000

UNION OF INDIA

India

The Foreign Exchange Management (Borrowing Or Lending In Foreign Exchange) Regulations, 2000

Rule

THE-FOREIGN-EXCHANGE-MANAGEMENT-BORROWING-OR-LENDING of 2000

- Published on 3 May 2000
- Commenced on 3 May 2000
- [This is the version of this document from 3 May 2000.]
- [Note: The original publication document is not available and this content could not be verified.]

The Foreign Exchange Management (Borrowing Or Lending In Foreign Exchange) Regulations, 2000 Published vide G.S.R. 386(E), dated 3.5.2000, published in the Gazette of India, Extraordinary, Part II, Section 3(i), dated 5.5.2000.

11.

/563 In exercise of the powers conferred by clause (f) of sub-section (3) of section 6, sub--section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank makes the following regulations for borrowing or lending in foreign exchange by a person resident in India, namely:--

1. Short title and commencement. - (i) These regulations may be called The Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000.

(ii) They shall come into force on the 1st day of June, 2000.

2. Definitions. - In these regulations, unless the context otherwise requires,--

(a) "Act" means, the Foreign Exchange Management Act, 1999 (42 of 1999); (b) "authorised dealer" means a person authorised as an authorised dealer under sub-section (1) of section 10 of the Act; (c) "EEFC account", "RFC account" means the accounts referred to in the Foreign Exchange

Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000;(d)"FCNR (B) account", "NRE account" means the accounts referred to in the Foreign Exchange Management (Deposit) Regulations, 2000;(e)"Indian entity" means a company or a body corporate or a firm in India;(f)"joint venture abroad" means a foreign concern formed, registered or incorporated in a foreign country in accordance with the laws and regulations of that country and in which investment has been made by an Indian entity;(g)"Schedule" means the Schedule to these regulations;(h)"wholly owned subsidiary abroad" means a foreign concern formed, registered or incorporated in a foreign country in accordance with the laws and regulations of that country and whose entire capital is owned by an Indian entity;(i)the words and expressions used but not defined in these regulations shall have the same meaning respectively assigned to them in the Act.

3. Prohibition to borrow or lend in foreign exchange. - Save as otherwise provided in the Act, rules or regulations made thereunder, no person resident in India shall borrow or lend in foreign exchange from or to a person resident in or outside India:

Provided that the Reserve Bank may, for sufficient reasons, permit a person to borrow or lend in foreign exchange from or to a person resident outside India.

4. Borrowing and lending in foreign exchange by an authorised dealer. - (1) An authorised dealer in India or his branch outside India may lend in foreign currency in the circumstances and subject to the conditions mentioned below, namely:--

(i)A branch outside India of an authorised dealer being a bank incorporated or constituted in India, may extend foreign currency loans in the normal course of its banking business outside India;(ii)An authorised dealer may grant loans to his constituents in India for meeting their foreign exchange requirements or for their rupee working capital requirements or capital expenditure subject to compliance with prudential norms, interest rate directives and guidelines, if any, issued by Reserve Bank in this regard;(iii)An authorised dealer may extend credit facilities to a wholly owned subsidiary abroad or a joint venture abroad of an India entity:Provided that not less than 51 per cent. of equity in such subsidiary or joint venture is held by the Indian entity subject to compliance with the Foreign Exchange Management (Transfer and Issue of Foreign Security) Regulations, 2000;(iv)An authorised dealer may, in this commercial judgment and in compliance with the prudential norms, grant loans in foreign exchange to his constituent maintaining [* * *]RFC Account, against the security of funds held in such account;(v)A branch outside India of an authorised dealer may extend foreign currency loans against the security of funds held in NRE/FCNR deposit accounts maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2000;(vi)Subject to the directions or guidelines issued by the Reserve Bank from time to time, an authorised dealer in India may extend foreign currency loans to another authorised dealer in India;(vii)[An authorised dealer may grant foreign currency loans in India against the security of funds held in FCNR (B) account to the account holder only, subject to the guidelines issued by the Reserve Bank in this regard.] [Added by G.S.R. 533(E), dated 10.1.2003

(w.e.f. 9.7.2003).](2)An authorised dealer in India may borrow in foreign currency in the circumstances and subject to the conditions mentioned below, namely:--(i)An authorised dealer may borrow from his Head Office or branch or correspondent outside India [or any other entity as permitted by Reserve Bank] [Inserted by Notification No. G.S.R. 668 (E) dated 26.9.2013 (w.e.f. 5.5.2000)]3 upto [hundred percent or such other limit as decided by the Reserve Bank, from time to time] [Substituted for the words "fifty percent" by Notification No. G.S.R. 595 (E) dated 5.9.2013 (w.e.f. 5.5.2000)] of this unimpaired Tier I capital or US \$ 10 million, whichever is more, subject to such conditions as the Reserve Bank may direct.Explanation. - For the purpose of clause (i), the aggregate loans availed of by all branches in India of the authorised dealer from his Head Office, all branches and correspondents outside India, shall be reckoned.[* * *] [Clause (ii) omitted by G.S.R. 60(E), dated 9.2.2005 (w.r.e.f. 24.3.2004).](ii)[] [Clauses (iii) and (iv) renumbered as Clauses (ii) and (iii) by G.S.R. 60(E), dated 9.2.2005 (w.r.e.f. 24.3.2004).] A branch outside India of an authorised dealer being a bank incorporated or constituted in India, may borrow in foreign currency in the normal course of its banking business outside India, subject to the directions or guidelines issued by the Reserve Bank from time to time, and the Regulatory Authority of the country where the branch is located.(iii)[] [Clauses (iii) and (iv) renumbered as Clauses (ii) and (iii) by G.S.R. 60(E), dated 9.2.2005 (w.r.e.f. 24.3.2004).] An authorised dealer may borrow in foreign currency from a bank or a financial institution outside India, for the purpose of granting pre-shipment or post-shipment credit in foreign currency to his exporter constituent, subject to compliance with the guidelines issued by the Reserve Bank in this regard.

5. Borrowing and lending in foreign exchange by persons other than authorised dealer. - (1) An Indian entity may lend in foreign exchange to its wholly owned subsidiary or joint venture abroad constituted in accordance with the provisions of Foreign Exchange Management (Transfer or Issue of Foreign Security) Regulations, 2000.

(2)A person resident in India may borrow, whether by way of loan or overdraft or any other credit facility, from a bank situated outside India, for execution outside India of a turnkey project of civil construction contract or in connection with exports on deferred payment terms, provided the terms and conditions stipulated by the authority which has granted the approval to the project or contract or export in accordance with the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000.(3)An importer in India may, for import of goods into India, avail of foreign currency credit for a period not exceeding six months extended by the overseas supplier of goods, provided the import is in compliance with the Export Import Policy of the Government of India in force.(4)A person resident in India may lend in foreign currency out of funds held in his EEFC account, for trade related purposes to his overseas importer customer:[Provided that where the amount of loan exceeds US \$ 1,00,000, a guarantee of a bank of international repute situated outside India is provided by the overseas borrower in favour of the lender.](5)Foreign currency loans may be extended by Export Import Bank of India, Industrial Development Bank of India, Industrial Finance Corporation of India, Industrial Credit and Investment Corporation of India Limited, Small Industries Development Bank of India Limited or any other institution in India to their constituents in India out of foreign currency borrowings raised by them with the approval of

the Central Government for the purpose of onward lending.(6)[An individual resident in India may borrow a sum not exceeding US \$ 2,50,000 or its equivalent from his close relatives outside India, subject to the conditions that--(a)the minimum maturity period of the loan is one year;(b)the loan is free of interest; and(c)the amount of loan is received by inward remittance in free foreign exchange through normal banking channels or by debit to the NRE/FCNR account of the non-resident lender.Explanation. - "Close relative" means relative as defined in section 6 of the Companies Act, 1956.] [Inserted by G.S.R. 854(E), dated 1.11.2002 (w.e.f. 31.12.2002).](7)[Indian companies in India may grant loans in foreign currency to the employees of their branches outside India for personal purposes provided that the loan shall be granted for personal purposes in accordance with the lender's Staff Welfare Scheme/Loan Rules and other terms and conditions as applicable to its staff resident in India and abroad.] [Inserted by G.S.R. 531(E), dated 8.1.2003 (w.e.f. 9.7.2003).]

6. [Other borrowings in foreign exchange under automatic route or with prior approval of the Reserve Bank of India under the approval route or as trade credit.

(1)A person resident in India, other than a branch or office in India owned or controlled by a person resident outside India, may raise in accordance with the provisions of the automatic route scheme specified in Schedule I, foreign currency loans of the nature and for the purposes as specified in that Schedule; provided that this shall be deemed to have come into force with effect from February 1, 2004, except in relation to item 1(iv)(A)(c) of Schedule I which shall be deemed to have come into force with effect from February 23, 2004.(2)A person resident in India who desires to raise foreign currency loans of the nature or for the purpose as specified in Schedule II and who satisfies the eligibility and other conditions specified in that Schedule, may apply to the Reserve Bank for prior approval to raise such loans; provided that this shall be deemed to have come into force with effect from February 1, 2004, except in relation to item 3(iii)(A)(C) of Schedule II which shall be deemed to have come into force with effect from February 23, 2004.(3)Trade credit not exceeding US \$ 20 Million per import transaction shall be raised by borrowings subject to the terms specified in Schedule III hereto; provided that this shall be deemed to have come into force with effect from April 17, 2004.](4)[[Sub-regulation (2) renumbered as sub-regulation (4) by G.S.R. 825(E), dated 13.12.2004.] [Where prior approval is required] [Inserted by G.S.R. 825(E), dated 13.12.2004.] the Reserve Bank may grant its approval subject to such terms and conditions as it may consider necessary:Provided that while considering the grant of approval, the Reserve Bank shall take into account the overall limit stipulated by it, in consultation with the Central Government, for availment of such loans by the persons resident in India.(5)[[Sub-regulation (3) renumbered as sub-regulation (5) by G.S.R. 825(E), dated 13.12.2004.] [Reserve Bank may grant its approval to any other foreign currency loan proposed to be raised by a person resident in India, which falls outside the scope of Schedules I, II and III, subject to such terms and conditions as it may consider necessary.] [Substituted by G.S.R. 825(E), dated 13.12.2004.][Schedule I] [Substituted by G.S.R. 825(E), dated 13-12-2004][See Regulation 6(1)]Borrowings In Foreign Exchange under the Automatic Route(1)Borrowing in Foreign Exchange up to US \$ 500 Million or its equivalent. - The borrowing in foreign exchange by a person resident in India under the Automatic Route is subject to the terms and conditions set out in this schedule[(i) Eligibility - (a) Any corporate registered under the Companies Act, 1956, other than a financial intermediary (such as a bank, financial institution,

housing finance company and a non-banking finance company) is eligible to borrow under this Schedule. [Substituted by G.S.R. 739(E), dated 06-12-2005][Provided that they have not at any time violated any of the provisions of these regulations and no investigation is pending against them for contravention of the provisions of these regulations under the Act.](b)[Non Government Organisations and Micro Finance Institutions engaged in micro-finance activities may borrow in foreign exchange under this Schedule under such terms and conditions as specified by the Reserve Bank from time to time. [Substituted by Notification No. G.S.R. 610 (E) dated 30.5.2012 (w.e.f. 19.12.2011)]Provided that they have not at any time violated any of the provisions of these regulations and no investigation is pending against them for contravention of the provisions of these regulations under the Act.](c)Any other entity as specified by the Reserve Bank.][Provided that they have not at any time violated any of the provisions of these regulations and no investigation is pending against them for contravention of the provisions of these regulations under the Act.] [Inserted by Notification No. G.S.R. 836 (E) dated 22.9.2009 (w.e.f. 5.5.2000)](ii) Amount. - (a) The borrowing in foreign exchange by an entity as specified in paragraph (i) (a) of section 1 of Schedule I, under the automatic route whether raised in tranches or otherwise, shall not exceed US \$ 500 million or equivalent in any one financial year (April-March).] [Substituted by G.S.R. 739(E), dated 06-12-2005](b)[The borrowings in foreign currency under as specified in paragraph(i) (b) of section I of Schedule I, by a non-government organisation and Micro Finance Institution engaged in micro-finance activities shall not exceed US \$ 10 million or equivalent during a financial year (April-March).] [Substituted by Notification No. G.S.R. 610 (E) dated 30.5.2012 (w.e.f. 19.12.2011)](iii)Lenders. - The borrowings in foreign currency by way of issue of bonds, floating rate notes or other debt instruments by whatever name called may be made from -(a)International bank or export credit agency or international capital market or(b)Multilateral financial institutions, namely, IFC, ADB, CDC etc., or(c)Foreign collaborator or foreign equity holder as specified by the Reserve Bank, or(d)Supplier of equipments provided the amount of loan raised does not exceed the total cost of the equipment being supplied by the lender, or(e)Any other eligible entity as prescribed by the Reserve Bank in consultation with Government of India.(iv)Purpose (End-use). - (A) Borrowing in foreign exchange in terms of this Schedule may be for any of the following purposes, namely: -(a)for investment (such as import of capital goods, new projects, modernisation / expansion of existing production units) in real sector industrial sector including small and medium enterprises (SME) and infrastructure sector in India.[Explanation : The following sectors will qualify as infrastructure sectors, namely,(a)Energy which will include (i) electricity generation, (ii) electricity transmission, (iii) electricity distribution, (iv) oil pipelines, (v) oil/gas/liquefied natural gas (LNG) storage facility (includes strategic storage of crude oil) and (vi) gas pipelines (includes city gas distribution network);(b)Communication which will include (i) mobile telephony services / companies providing cellular services, (ii) fixed network telecommunication (includes optic fibre / cable networks which provide broadband / internet) and (iii) telecommunication towers;(c)Transport which will include (i) railways (railway track, tunnel, viaduct, bridges and includes supporting terminal infrastructure such as loading / unloading terminals, stations and buildings), (ii) roads and bridges, (iii) ports, (iv) inland waterways, (v) airport and (vi) urban public transport (except rolling stock in case of urban road transport);(d)Water and sanitation which will include (i) water supply pipelines, (ii) solid waste management, (iii) water treatment plants, (iv) sewage projects (sewage collection, treatment and disposal system), (v) irrigation (dams, channels, embankments, etc.) and (vi) storm water drainage system;(e)(i)mining, (ii) exploration and (iii)

refining;(f)Social and commercial infrastructure which will include (i) hospitals (capital stock and includes medical colleges and para medical training institutes), (ii) Hotel Sector which will include hotels with fixed capital investment of Rs.200 crore and above, convention centres with fixed capital investment of Rs.300 core and above and three star or higher category classified hotels located outside cities with population of more than 1 million (fixed capital investment is excluding of land value), (iii) common infrastructure for industrial parks, SEZs, tourism facilities, (iv) fertilizer (capital investment), (v) post harvest storage infrastructure for agriculture and horticulture produce including cold storage, (vi) soil testing laboratories and (vii) cold chain (includes cold room facility for farm level pre-cooling, for preservation or storage or agriculture and allied produce, marine products and meat.(g)Any other sectors as prescribed by the Reserve Bank in consultation with Government of India.](AA)[Borrowings in foreign exchange per borrower company per financial year up to such amounts not exceeding US Dollars 500 million or its equivalent as derecited by the Reserve Bank from time to time shall be permitted for such permissible end-uses as indicated by Reserve Bank from time to time.](B)Other than the purposes specified hereinabove, the borrowings shall not be utilised for any other purpose including the following purposes, namely:-On-lending, investment in capital (stock-market, investment in real estate business, working capital requirements, general corporate purpose, and repayment of Rupee loans.[* * *](v) Maturity - The maturity of the borrowings in foreign exchange shall be as under: [Substituted by Notification No. G.S.R. 610 (E) dated 30.5.2012 (w.e.f. 23.9.2011)]

Amount	MinimumMaturity	Average
i) Upto USD 20 Million or equivalent	Notless than 3 years	
ii)Exceeding USD 20 Million or equivalent and upto USD 750 Millionor equivalent	Notless than 5 years	

Note - Borrowing up to US \$ 20 Million can have call / put option provided the minimum average maturity of 3 years as prescribed above is complied with before exercising call/ put option.](vi)All-in-cost ceilings. - The all-in-cost ceilings for the borrowing in foreign exchange shall be specified by the Reserve Bank from time to time(vii)Security. - The borrower shall be at liberty to provide security to the lender / suppliers, provided that-(a)Where the security is in form of immovable property in India or shares of a company in India, it shall be subject to Regulation 8 of Notification No.FEMA.21/2000-RB dated May 3, 2000 and Regulation 3 of Notification No.FEMA.20/2000-RB dated May 3, 2000, respectively.(b)Guarantee. - Banks, financial institutions and Non-Banking Finance Companies shall not provide (issue) guarantee or Letter of Comfort or Standby Letter of Credit in favour of overseas lender on behalf of their constituents for their borrowings in foreign exchange.(viii)Prepayment. - Notwithstanding the provisions of clause (v) above, prepayment of outstanding foreign currency loan may be made as per the directives issued by the Reserve Bank from time to time.(ix)[Parking of loan amount abroad. [Substituted by G.S.R. 547(E), dated 17-06-2009] - The proceeds of borrowings in foreign exchange availed under the schedule may, pending utilisation for permissible end-uses, be parked abroad or in India as directed by the Reserve Bank from time to time.](x)Loan Agreement. - The loan agreement entered into by the borrower with the overseas lender shall strictly conform with these Regulations. The procedure for obtaining loan registration number would be prescribed by the Reserve Bank.(xi)Drawal of Loan. - Draw-downs of borrowing in foreign exchange shall be made strictly in accordance with the terms of the loan agreement only after obtaining the loan registration number

from the Reserve Bank.(xii)Reporting. - The borrower shall adhere to the reporting procedure as specified by the Reserve Bank from time to time.(xiii)Debt Servicing. - The designated Authorised Dealer (AD) shall have the general permission to make remittances of principal, interest and other charges in conformity with the guidelines on borrowing in foreign exchange from overseas, issued by Central Government / the Reserve Bank from time to time.

2. Refinancing of existing borrowing in foreign exchange. - (i) Refinancing of outstanding amounts of loans raised in foreign exchange in accordance with the Act or the Rules and Regulations made thereunder, may be made by making fresh borrowing in foreign exchange in accordance with this Schedule provided that there is reduction in cost of borrowing and the outstanding maturity of the original borrowing is not reduced.

(ii)Provisions of sub-paragraphs (ii) and (v) of paragraph 1 shall not apply to the borrowings made under Clause 2 (i).[(3) Foreign currency borrowings by successful bidders of 2G spectrum reacution(i)The successful bidders can avail of foreign currency borrowing in the nature of bridge finance for the purpose of making upfront payment towards spectrum allocation and refinance the same by making fresh borrowing in foreign exchange in accordance with the Act or the Rules and Regulations made thereunder in accordance with this Schedule subject to satisfying the terms and conditions as may be specified by the Reserve Bank from time to time in this regard.(ii)Provisions of sub-paragraph (v) of paragraph 1 shall not apply to the foreign currency borrowing in the nature of bridge finance made under para 3(i).(iii)The restriction of repayment of Rupee loans as specified in clause (B) in sub-paragraph (iv) of paragraph 1 shall not apply to the foreign currency borrowing availed of for refinancing domestic borrowings for making upfront payment towards spectrum allocation.(iv)Such foreign currency borrowings can also be availed of from the ultimate parent company subject to satisfying the terms and conditions as may be specified by the Reserve Bank, from time to time in this regard.]

4. [Provided that under these Regulations, the Reserve Bank may, in consultation with the Government of India, prescribe for the automatic route, any provision or proviso regarding various parameters listed in paragraphs 1 to 3 above of this Schedule or any other parameter as prescribed by the Reserve Bank and also prescribe the date from which any or all of the existing proviso will cease to exist, in respect of borrowings from overseas, whether in foreign currency or Indian Rupees, such as addition/ deletion of borrowers eligible to raise such borrowings, overseas lenders / investors, purposes of such borrowings, change in amount, maturity and all-incost, norms regarding security, pre-payment, parking of ECB proceeds, reporting and drawal of loan, refinancing, debt servicing, etc.] [Inserted by Notification No. G.S.R. 920 (E) dated 2.12.2015 (w.e.f. 5.5.2000).]

II

[See regulation 6(2)] Borrowings in Foreign Exchange under the Approval Route (1) The borrowing in foreign currency (other than the borrowings under Schedule I) by a person resident in India may be made under any of the types set out in this Schedule. (2) The application for the approval of the Reserve Bank under Regulation 6(2) for borrowing under any of the types where its approval is required shall be made in the form as specified by the Reserve Bank from time to time. (3) The borrowing in foreign exchange by a person resident in India under the Approval Route is subject to the terms and conditions set out in this schedule. (i) Eligibility. - The following entities shall be eligible to apply for foreign currency borrowings under the Approval Route - (a) Any corporate registered under the Companies Act, 1956, (b) Financial institutions dealing exclusively with infrastructure or export finance such as IDFC, IL & FS, Power Finance Corporation, Power Trading Corporation, IRCON and Exim Bank, (c) Banks and financial institutions which had participated in the textile or steel sector restructuring package as approved by the Central Government, (d) Entities falling outside the purview of the Automatic Route as per Schedule I, (e) [any other entity as specified by the Reserve Bank.] [Substituted by G.S.R. 663(E), dated 30-08-2007] (ii) Lenders. - The borrowings in foreign currency by way of issue of bonds, floating rate notes or oilier debt instruments by whatever name called may be made from - (a) International bank or export credit agency or international capital market or (b) Multilateral financial institutions, namely, IFC, ADB, CDC etc., or (c) Foreign collaborator or foreign equity holder as specified by the Reserve Bank, or (d) Supplier of equipments provided the amount of loan raised does not exceed the total cost of the equipment being supplied by the lender, or (e) Any other eligible entity as prescribed by the Reserve Bank in consultation with Government of India (iii) Purpose (End-use). - (A) Borrowing in foreign exchange in terms of this Schedule may be for any of the following purposes, namely :- (a) for investment (such as import of capital goods, new projects, modernisation / expansion of existing production units) in real sector industrial sector including small and medium enterprises (SME) and infrastructure sector in India. [Explanation : The following sectors will qualify as infrastructure sectors, namely, (a) Energy which will include (i) electricity generation, (ii) electricity transmission, (iii) electricity distribution, (iv) oil pipelines, (v) oil/gas/liquefied natural gas (LNG) storage facility (includes strategic storage of crude oil) and (vi) gas pipelines (includes city gas distribution network); (b) Communication which will include (i) mobile telephony services / companies providing cellular services, (ii) fixed network telecommunication (includes optic fibre / cable networks which provide broadband / internet) and (iii) telecommunication towers; (c) Transport which will include (i) railways (railway track, tunnel, viaduct, bridges and includes supporting terminal infrastructure such as loading / unloading terminals, stations and buildings), (ii) roads and bridges, (iii) ports, (iv) inland waterways, (v) airport and (vi) urban public transport (except rolling stock in case of urban road transport); (d) Water and sanitation which will include (i) water supply pipelines, (ii) solid waste management, (iii) water treatment plants, (iv) sewage projects (sewage collection, treatment and disposal system), (v) irrigation (dams, channels, embankments, etc.) and (vi) storm water drainage system; (e) (i) mining, (ii) exploration and (iii) refining; (f) Social and commercial infrastructure which will include (i) hospitals (capital stock and includes medical colleges and para medical training institutes), (ii) Hotel Sector which will include hotels with fixed capital investment of Rs. 200 crore and above, convention centres with fixed capital investment of Rs. 300 crore and above and three star or higher category classified hotels located outside cities with population of

more than 1 million (fixed capital investment is excluding of land value), (iii) common infrastructure for industrial parks, SEZs, tourism facilities, (iv) fertilizer (capital investment), (v) post harvest storage infrastructure for agriculture and horticulture produce including cold storage, (vi) soil testing laboratories and (vii) cold chain (includes cold room facility for farm level pre-cooling, for preservation or storage or agriculture and allied produce, marine products and meat. (g) Any other sectors as prescribed by the Reserve Bank in consultation with Government of India. (AA) [Borrowings in foreign exchange per borrower company per financial year up to such amounts as directed by the Reserve Bank from time to time shall be permitted for such permissible end-uses as indicated by Reserve Bank from time to time.] [Substituted by G.S.R. 547(E), dated 17-06-2009] (B) Other than the purposes specified hereinabove, the borrowings shall not be utilised for any other purpose including the following purposes, namely: - On-lending, investment in capital (stock) market, investment in real estate business, working capital requirements, general corporate purpose and repayment of Rupee loans [****] [(iv) Maturity [Substituted by Notification No. G.S.R. 610 (E) dated 30.5.2012 (w.e.f. 23.9.2011)] (a) The maturity of borrowings in foreign exchange shall be as under:

Amount	Average Maturity
(i) Upto USD 20 million or equivalent	Not less than 3 years
(ii) Exceeding USD 20 million or equivalent	Not less than 5 years
(b) Borrowings upto USD 20 million can have call/ put option provided the minimum average maturity of 3 years as prescribed in clause(s) is complied with before exercising call/ put option. (v) All-in-cost ceilings. - The all-in-cost ceilings for the borrowing in foreign exchange shall be specified by the Reserve Bank from time to time (vi) Security. - The borrower shall be at liberty to provide security to the lender / suppliers, provided that - (a) Where the security is in form of immovable property in India or shares of a company in India, it shall be subject to Regulation 8 of Notification No.FEMA.21/2000-RB dated May 3, 2000 and Regulation 3 of Notification No.FEMA.20/2000-RB dated May 3, 2000, respectively. (b) Guarantee. - Banks, financial institutions and Non-Banking Finance Companies shall not provide (issue) guarantee or Letter of Comfort or Standby Letter of Credit in favour of overseas lender on behalf of their constituents for their borrowings in foreign exchange. [Exception 1] [Exception re-numbered as Exception 1 by G.S.R. 663(E), dated 30-8-2007]. - Banks, financial institutions and Non-Banking Finance Companies shall be permitted to provide Bank Guarantee, or Letter of Comfort or Standby Letter of Credit in favour of Small and Medium Enterprises (SMEs) with the approval of the Reserve Bank. [Exception 2 [Substituted by G.S.R. 663(E), dated 30-08-2007]. - Banks may provide Bank Guarantee, Standby Letter of Credit, Letter of Undertaking or Letter of Comfort in respect of ECB by textile companies for modernisation or expansion of their textile units, with the approval of the Reserve Bank.] [Omitted by G.S.R. 663(E), dated 30-08-2007] (vii) Prepayment. - Notwithstanding the provisions of clause (iv) above, prepayment of outstanding foreign currency loan may be made as per the directives issued by the Reserve Bank from time to time. (viii) [Parking of loan amount. - The proceeds of borrowings in foreign exchange availed under the schedule may, pending utilisation for permissible end-uses, be parked abroad or in India as directed by the Reserve Bank from time to time.] [Substituted by G.S.R. 547(E), dated 17-06-2009] (ix) Loan Agreement. - The loan agreement entered into by the borrower with the overseas lender shall strictly conform with these Regulations. The procedure for obtaining loan registration number would be as specified by the Reserve	

Bank.(x)Drawal of loan. - Draw-downs of borrowing in foreign exchange shall be made strictly in accordance with the terms of the loan agreement only after obtaining the loan registration number from the Reserve Bank.(xi)Reporting. - The borrower shall adhere to the reporting procedure as specified by the Reserve Bank from time to time.(xii)Debt Servicing. - The designated Authorised Dealer (AD) shall have the general permission to make remittances of principal, interest and other charges in conformity with the guidelines on borrowing in foreign exchange from overseas, issued by Central Government / the Reserve Bank from time to time.[(xii) foreign currency borrowings for low cost affordable housing projects [Inserted by Notification No. G.S.R. 886 (E) dated 27.11.2012 (w.e.f. 5.5.2000)]Developers/builders meeting the eligibility criteria, Housing Finance Companies (HFCs) and National Housing Bank (NHB) shall avail of foreign currency loans in accordance with the Act, or the Rules and Regulations made thereunder in accordance with this Schedule, for financing developers/prospective owners of low cost affordable housing projects/units subject to the terms and conditions as may be specified by the Reserve Bank from time to time in this regards].(4)Refinancing of existing borrowing in foreign exchange. - (i) [Refinancing of outstanding amounts of loans raised in foreign exchange in accordance with the Act or the Rules and Regulations made thereunder, may be made by making fresh borrowing in foreign exchange in accordance with this Schedule at a higher cost of borrowing within the all-in-cost ceiling prescribed by the Reserve Bank from time to time, under sub-paragraph (v) of paragraph (3) and the outstanding maturity of the original borrowing is not reduced.] [Substituted by Notification No. G.S.R. 384 (E) dated 19.3.2013 (w.e.f. 20.4.2012)](ii)Provisions of sub-paragraphs (iv) of paragraph 3 shall not apply to the borrowings made under Clause 4(i).[* * *] [Omitted by Notification No. G.S.R. 916 (E) dated 6.12.2012 (w.e.f. 5.5.2000)]

6. [Provided that under these Regulations, the Reserve Bank may, in consultation with the Government of India, prescribe for the approval route, any provision or proviso regarding various parameters listed in paragraphs 1 to 5 above of this Schedule or any other parameter as prescribed by the Reserve Bank and also prescribe the date from which any or all of the existing provisions will cease to exist, in respect of borrowings from overseas, whether in foreign currency or Indian Rupees, such as addition / deletion of borrowers eligible to raise such borrowings, overseas lenders / investors, purposes of such borrowings, change in amount, maturity and all-incost, norms regarding security, pre-payment, parking of ECB proceeds, reporting and drawal of loan, refinancing, debt servicing, etc.] [Inserted by Notification No. G.S.R. 920 (E) dated 2.12.2015 (w.e.f. 5.5.2000).]

III

[See Regulation 6(3)]TRADE CREDIT(1)[Foreign currency credit/loan extended for imports into India by the overseas supplier, bank and financial institution, is hereinafter referred to as 'Trade Credit' -a) for original maturity of up to five years, subject to the terms and conditions as may be

stipulated by the Reserve Bank from time to time, in respect of a company resident in India engaged exclusively in the development of infrastructure;b) for original maturity of less than three years in respect of other resident entities. Depending upon the source of finance, such trade credit includes suppliers' credit or buyers' credit. Explanation : For the purpose of this regulation, infrastructure' means infrastructure as defined under the External Commercial Borrowing (ECB) policy from time to time.]

2. [Authorised Dealers (ADs) in foreign exchange are permitted to approve trade credits up to USD 20 million per import transaction for import of all items permissible under the Foreign Trade Policy (except Gold) with a maturity period (from the date of shipment) up to one year. For import of capital goods, ADs are permitted to approve trade credits up to USD 20 million per import transaction with a maturity period of more than one year and up to five years in respect of a company resident in India engaged exclusively in the development of infrastructure and less than three years in respect of other resident entities. No roll-over/extension will be permitted by the AD beyond the permissible period.] [Substituted by Notification No. G.S.R. 384 (E) dated 19.3.2013 (w.e.f. 11.9.2012)]

3. Trade Credit exceeding US \$ 20 million per import transaction will require the prior approval of the Reserve Bank of India.

FORM ECB APPLICATION FOR PERMISSION TO RAISE EXTERNAL COMMERCIAL BORROWINGS UNDER SHORT-TERM LOAN/CREDIT/US \$ 5/10 MILLION

SCHEME Instructions: The application complete in all respects should be submitted in duplicate by the applicant through the authorised dealer designated by him to handle the matters relating to the foreign currency borrowings/credit to the Chief General Manager, Exchange Control Department, Central Office, ECB Division, Reserve Bank of India, Mumbai 400 001. In respect of short-term loan/credit for imports, it should be submitted through the authorised dealer through whom the import documents have been received/will be received. Documentation: The following documents, (as relevant) duly certified by authorised dealer, should be forwarded with the application: (i) A copy of offer letter from the overseas lender/supplier furnishing complete details of the terms and conditions of proposed loan/credit arrangement; (ii) Copies of FIPB/SIA/CCEA approvals wherever applicable; (iii) In case the application is being made under Exporters'/Foreign Exchange Earners' Scheme, bank certificates in respect of export realisation for past three years; (iv) If the applicant is NBFC, a copy of credit rating awarded by a recognised credit rating agency and copy of RBI registration certificate; (v) A copy of the import contract, proforma/commercial invoice/Bill of Lading. (vi) A report from an international credit rating agency of repute, if the lender is other than the recognised category as per ECB Guidelines issued by the Government, from time to time; (viii) In case the payment for import is through Letter of Credit, a copy of L/C with amendments, if any.

Part A

CATEGORY OF ECB APPLICATION The application is being submitted under following scheme
:(Please put (X) in the correct box)

- (1) Under short term credit/loan
- (2) Under US\$ 5 million Scheme
- (3) Under US\$ 10 million Scheme
- (a) Exporters' /Foreign Exchange Earners' Scheme
- (b) Long Term Borrowers' Scheme
- (c) Infrastructure Projects
- (e) Other (Please specify)

Part B

General Information about the Borrower

1. Name of the applicant

(BLOCK LETTERS)

Address

2. Status of the applicant firm/company Private Sector Public sector NBFC(Indicate RBI
Registration Number)

3. Details of foreign Currency

Loans(ECB) availed of and/or approval
obtained by the applicant during past 3
years under US \$ 5 Million Scheme

RBI/GOI approval No. & date	Amount outstanding	Due date of final repayment
-----------------------------	-----------------------	-----------------------------------

4. Details of ECB parked abroad

Sl.No.	Name of the bank	Amount in US \$ equivalent	No.& date of RBI permission obtained for parking funds abroad and
--------	---------------------	-------------------------------	---

validity period thereof

Part C

INFORMATION ABOUT THE PROPOSED LOAN/CREDIT

1.Details of the loan/credit

Currency Amount US\$ equivalent

Purpose of the loan

Nature of ECB(Please put (x) in the appropriate box)

(i) Suppliers' Credit

(ii) Buyers' Credit

(iii) Syndicated Loan

(iv) Export Credit

(v) Loan from foreign Collaborator/equity holder

(vi) FRN/ Bonds

(vii) Others (please specify)

Terms and conditions of the loan :-(i)Rate of interest(ii)Up front fee(iii)Management fee(iv)Other charges, if any (Please specify)(v)All-in-cost(vi)Commitmentfee(vii)Rate of Penal interest(viii)Period of loan(ix)Grace/ moratorium period(x)Repayment terms (half yearly/ annually/bullet)(xi)Average maturity

2. Details of the lender

Name and address of the lender/supplier

3. Nature of security to be provided, if any.

Part D

INFORMATION ABOUT DRAW DOWN AND REPAYMENTS

Proposed schedule

Dawn down	Repayment/payment	
Month and Year	Amount	Principal Interest

Part E

ADDITIONAL INFORMATION REQUIRED FOR APPLICATIONS UNDER SHORT-TERM CREDIT/LOAN

- | | Description Value |
|--|-------------------|
| 1.Particulars of commodity (ies) to be imported | |
| 2.Details of imports made/to be made | |
| (A) (i) Payment/Terms | |
| (ii) Due date of the import bill | |
| (iii) Extension sought upto | |
| (iv) If import has already been made Value assessed as per Bill of Entry(Please enclose a copy) | |
| (B) If goods are yet to be received | |
| (i) Date of shipment | |
| (ii) Whether goods have been sold on high Seas or any such sale is contemplated ? | |
| 3.Period upto which statement giving details of drawals, utilisation & outstanding has been submitted to RBI for loans raised in the past. | |

Part F

ADDITIONAL INFORMATION IN RESPECT OF ECB UNDER USD 5/10 MILLION SCHEME

1. Details of the project

(i)Total project cost US \$(ii)Total ECB as a % of project cost

2. Export realisation (US \$ equivalent) of the applicant during the last 3 years.

[To be furnished only in case of applications under Exporters'/Foreign Exchange Earners' Scheme].

Part G

Certifications

1. By the applicant -

We hereby certify that, -(i)The particulars given above are true and correct to the best of our knowledge and belief.(ii)The credit/loan to be raised will be utilised for the purpose for which it is being applied for vide this application and shall not be utilised for investment in stock market and real estate.....(Signature of Authorised Official of the applicant)NameDesignationPlace.....Date.....Stamp

2. By the authorised dealer -

We hereby certify that, -(i)The applicant is our customer.(ii)we have scrutinised the application and the original letter of offer from the lender/supplier and also all the documents relating to the import/proposed import, proposed borrowing /financing arrangement and have found the same to be in order.....(Signature of Authorised Official)Name.....Designation.....A.D. Code.....Place.....Date.....STAMP[Substituted by Notification No. G.S.R. 384 (E) dated 19.3.2013 (w.e.f. 11.9.2012)][Substituted by Notification No. G.S.R. 627(E) dated 19.7.2013 (w.e.f. 5.5.2000)][Inserted by Notification No. G.S.R. 832 (E) dated 12.11.2012 (w.e.f. 5.5.2000)][The words Note omitted by G.S.R. 663(E), dated 30-08-2007][Substituted by G.S.R. 547(E), dated 17-06-2009][Substituted by Notification No. G.S.R. 627(E) dated 19.7.2013 (w.e.f. 5.5.2000)]