

**External Commercial Borrowings - Parking of funds abroad**  
**A.P.(DIR Series) Circular No.70 (January 13, 2003)**

**Reserve Bank of India**  
**Exchange Control Department**  
**Central Office**  
**Mumbai - 400 001**

January 13, 2003

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To  
All Authorised Dealers in Foreign Exchange

Madam/Sir,

**External Commercial Borrowings - Parking of funds abroad**

Authorised dealers are aware that corporates raising External Commercial Borrowings (ECBs) are required to bring the funds to India in terms of para 15(A) of the Guidelines on Policies & Procedures for ECBs 1999-2000 issued by Government of India. Such funds are, however, permitted, on application, to be retained abroad in a bank account with the permission of the concerned Regional Office of Reserve Bank.

2. It has now been decided that corporates raising ECBs may retain the funds abroad in a bank account for their future forex requirements subject to the following :-

- a) The debits in the account should be only for approved purposes for which the loan is raised.
- b) The payment to the overseas supplier, if any, shall be made against usual import documents including Bill of Lading/Airway Bill. Further, documentary evidence in support of imports made into India should be submitted to the concerned Regional Office of Reserve Bank alongwith the ECB2 return, duly certified by a Chartered Accountant.
- c) The deposit held abroad should not be utilised for any fund based or non-fund based facilities in India.
- d) The account should be closed as soon as the forex requirements are met and any unspent balance should be repatriated to India immediately.

3. The following details of the account (in soft copy form) should be submitted to the concerned Regional Office of Reserve Bank, through the authorised dealer, within 8 days of opening of the account.

- i. Name of the bank and branch
- ii. Date of opening of account and account no.
- iii. Name of the borrower
- iv. Name of the lender.
- v. GOI/RBI approval no. & date.
- vi. RBI Registration no.
- vii. Purpose of loan

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- viii. Amount of loan
  - ix. Amount in equivalent USD
  - x. Amount parked abroad
4. Further, the details of balances held abroad should be reported in the relative ECB2 return, as hitherto.
5. The above relaxations, subject to review, shall be effective for a period upto June 30, 2003.
6. Authorised dealers may bring the contents of this circular to the notice of their constituents concerned.
7. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act 1999 (42 of 1999).

Yours faithfully,  
**G. Padmanabhan**  
**General Manager-in-Charge**