



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

---

**RBI/2011-12 /203**  
**A.P. (DIR Series) Circular No. 28**

**September 26, 2011**

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy – Structured Obligations for  
infrastructure sector**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 40 dated March 02, 2010](#) relating to External Commercial Borrowings (ECB) Policy – Structured Obligations.

2. As per extant guidelines, credit enhancement is permitted to be provided by multilateral / regional financial institutions and Government owned development financial institutions for domestic debt raised through issue of capital market instruments, such as, debentures and bonds, by Indian companies engaged exclusively in the development of infrastructure and by the Infrastructure Finance Companies (IFCs), which have been classified as such by the Reserve Bank under the approval route.

3. On a review, it has been decided to further liberalise the policy relating to structured obligations to permit direct foreign equity holder(s) as per extant ECB guidelines (minimum holding of 25 per cent of the paid up capital) and indirect foreign equity holder, holding atleast 51% of the paid-up capital, to provide credit enhancement to Indian companies engaged exclusively in the development of infrastructure, where “infrastructure” is as defined under the extant guidelines on ECB and by the Infrastructure Finance Companies (IFCs), which have been classified as such by the Reserve Bank.

4. Credit enhancement by all eligible non-resident entities will henceforth be permitted under the automatic route and no prior approval will be required from the Reserve Bank. All the other terms and conditions mentioned in para 4 (ii) to (viii) of A.P. (DIR Series) Circular No. 40 dated March 02, 2010 will remain unchanged.

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

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,

**(Rashmi Fauzdar)**  
**Chief General Manager**

Related Press Release	
September 26, 2011	<a href="#">External Commercial Borrowings (ECB) Policy – Structured Obligations for infrastructure sector</a>