



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

**RBI/2011-12/539**

**A. P. (DIR Series) Circular No.119**

**May 7, 2012**

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy - Utilization of ECB proceeds  
for Rupee expenditure**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#) and [A.P. \(DIR Series\) Circular No. 52 dated November 23, 2011](#) relating to External Commercial Borrowings.

2. As per the extant guidelines, ECB proceeds can be utilized for permissible foreign currency expenditure and Rupee expenditure. On a review, it has been decided that at the time of availing Loan Registration Number (LRN) from the Reserve Bank, borrowers should provide bifurcation of the utilization of the ECB proceeds towards foreign currency and Rupee expenditure in Form-83.

3. The primary responsibility to ensure that the ECB proceeds meant for Rupee expenditure in India are repatriated to India for credit to their Rupee accounts with AD Category- I banks in India as per A.P. (DIR Series) Circular No. 52 dated November 23, 2011 is that of the borrower concerned and any contravention of the ECB guidelines will be viewed seriously and will invite penal action under the Foreign Exchange Management Act (FEMA), 1999. The designated AD bank is also required to ensure that the ECB proceeds meant for Rupee expenditure are repatriated to India immediately after drawdown.

4. The modifications to the ECB policy will come into force with immediate effect and subject to review. All other aspects of the ECB policy shall remain unchanged.

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

6. 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**