

News Flash

22nd September 2018

RBI Relaxes Certain ECB Norms

RBI in consultation with the Government of India has liberalized some aspects of the ECB policy including policy on Rupee Denominated Bonds as indicated below:

1. External Commercial Borrowings by Companies in the Manufacturing Sector:

As per the existing norms, ECB up to USD 50 million or its equivalent can be raised by eligible borrowers with minimum average maturity period of 3 years. It has been decided to allow eligible ECB borrowers who are into manufacturing sector to raise ECB up to USD 50 million or its equivalent with minimum average maturity period of 1 year.

2. Underwriting and market making by Indian banks for Rupee Denominated Bonds (RDB) or Masala Bonds Issued Overseas:

Presently, Indian banks, subject to applicable prudential norms, can act as arranger and underwriter for RDBs issued overseas and in case of underwriting an issue, their holding cannot be more than 5 per cent of the issue size after 6 months of issue. It has now been decided to permit Indian banks to participate as arrangers/underwriters/market makers/traders in RDBs issued overseas subject to applicable prudential norms.

3. All other provisions of the ECB policy shall remain unchanged.

Please visit the below link for the relevant RBI Circular

<https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=11375&Mode=0>