



RESERVE BANK OF INDIA  
Mumbai - 400 001

RBI/2018-19/71

A.P. (DIR Series) Circular No.11

November 06, 2018

To  
All Category-I Authorised Dealer Banks

Madam / Sir

**External Commercial Borrowings (ECB) Policy – Review of Minimum Average Maturity and Hedging Provisions**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to paragraphs 2.4.1, 2.4.2 and 2.5 of [Master Direction No.5 dated January 1, 2016](#) on “External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers”, as amended from time to time, in terms of which certain eligible borrowers raising foreign currency denominated ECBs under Track I, having a minimum average maturity requirement of 5 years, are mandatorily required to hedge their ECB exposure fully.

2. The extant provisions have been reviewed and it has been decided, in consultation with the Government of India, to amend the following provisions of the ECB framework:

**i. Minimum average maturity:** Reduce the minimum average maturity requirement for ECBs in the infrastructure space raised by eligible borrowers under paragraph 2.4.2 (vi) of the aforesaid Master Direction from 5 years, as stipulated under paragraph 2.4.1(iv), to 3 years; and

**ii. Hedging requirements:** Reduce the average maturity requirement from extant 10 years to 5 years for exemption from mandatory hedging provision applicable to ECBs raised by above referred eligible borrowers. Accordingly, the ECBs with minimum average maturity period of 3 to 5 years in the infrastructure space will have to meet 100% mandatory hedging requirement. Further, it is also clarified that ECBs falling under the aforesaid revised provision but raised prior to the date of this circular will not be required to mandatorily roll-over their existing hedges.

3. All other provisions of the ECB policy remain unchanged. AD Category - I banks should bring the contents of this circular to the notice of their constituents and customers.

4. The aforesaid [Master Direction No. 5 dated January 01, 2016](#) is being updated to reflect the changes.

5. The directions contained in this circular have been issued under section 10(4) and 11(2) 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

Ajay Kumar Misra  
Chief General Manager-in-Charge