Simplification of Procedure of ECB

Continuing its liberalization drive, the Reserve Bank of India (RBI) has once again come out with new circular for simplification of External Commercial Borrowing Procedure (ECB). The simplification is focused on to delegate powers to Authorized Dealers (ADs) for approving different changes related to the ECB amount, maturity period etc. so as to reduce the time and other complexities.

As per the existing ECB norms, the requests for reduction in the amount of ECB, changes in the drawdown schedule and reduction in the all-in-cost of the ECB after obtaining the loan registration number (LRN) is required to be referred by the bank concerned to the RBI for necessary approval. But as a measure to simplifying the procedure and resolve things swiftly, the RBI has, vide **A.P. (DIR Series) Circular No. 75 dated 7th February, 2012**, delegated its powers to approve the above changes to ADs. As a result, Borrowers can now approach the AD Bank for various approvals as per the following table:

Changes	Route	Conditions
Reduction in loan amount	Automatic Route	1. **Lender's consent** has been obtained 2. **Average maturity period** is maintained 3. **Monthly ECB-2 returns** have been submitted 4. **No other changes**
Changes/modifications in the drawdown schedule when original average maturity period is not maintained	Automatic and Approval route	1. No changes in the**repayment schedule** of the ECB; 2. The average maturity period of the ECB is **reduced** as against the original average maturity period stated in the Form 83 at the time of obtaining the LRN; 3. Such reduced average maturity period **complies with the stipulated minimum average maturity period** as per the extant ECB guidelines; 4. The **change in all-in-cost** is only due to the **change in the average maturity period**and the ECB complies with the extant guidelines; and 5. **Monthly ECB-2 returns** have been submitted.
Reduction in all-in-cost	Automatic and Approval route	1. The consent of the lender has been obtained 2. **Monthly ECB-2 returns** have been submitted. 3. **No other changes**

Any elongation / rollover in the repayment of the ECB would continue to require the prior approval of the Reserve Bank.