

## **OVERSEAS FOREIGN CURRENCY BORROWINGS BY AUTHORISED DEALER BANKS**

### **A.P. (DIR SERIES 2012-13) CIRCULAR NO. 61, DATED 10-10-2013**

Attention of Authorised Dealer Category I banks is invited to Regulation no. (4)(2)(i) of Notification No. FEMA 3/RB-2000 dated May 3, 2000 as amended from time to time and A.P.(DIR Series) circular no. 23 dated October 15, 2008 in terms of which, inter alia, AD Category - I banks may borrow funds from their Head Office, overseas branches and correspondents and avail overdraft in the nostro accounts up to a limit of hundred per cent of their unimpaired Tier I capital as at the close of the previous quarter or USD 10 million (or its equivalent), whichever is higher (excluding borrowings for financing of export credit in foreign currency and capital instruments).

2. With a view to providing greater flexibility to AD Category - I banks in seeking access to overseas funds, Reserve Bank has amended Regulation no. (4)(2)(i) vide Notification No.FEMA.288/2013-RB dated September 26, 2013 published in the Official Gazette vide G.S.R.No.668 (E) on October 1, 2013. Henceforth, authorised dealers may borrow from their Head Office or overseas branches or correspondents outside India or any other entity as permitted by Reserve Bank up to hundred per cent of its unimpaired Tier I capital or USD 10 million, whichever is higher, subject to such conditions as the Reserve Bank may direct. A copy of the amendment notification is placed as annex to this circular.

3. Accordingly, permission is hereby granted to AD Category I banks to borrow from international/multilateral financial institutions for a limited period up to November 30, 2013. Such borrowings should be for the purpose of general banking business and not for capital augmentation and shall be subject to the conditions stipulated in the A.P. (DIR Series) circulars no. 40, 2013 dated September 10, 2013. Further, such borrowings shall be eligible for the concessional swap facility of RBI as per A.P. (DIR Series) circulars no. 40, 2013 dated September 10, 2013 and 54 dated September 25, 2013.

4. 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 is without prejudice to permissions/approvals, if any, required under any other law.

### **ANNEX**

#### **FEM (BORROWING OR LENDING IN FOREIGN EXCHANGE) (FIFTH AMENDMENT) REGULATIONS, 2013**

#### **NOTIFICATION NO.FEMA.288/2013-RB, DATED 26-9-2013**

In exercise of the powers conferred by Clause (d) of sub-section (3) of section 6 and sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank hereby makes the following amendments in the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, (Notification No. FEMA 3/RB-2000 dated May 3, 2000), namely:—

#### **1. Short Title & Commencement**

- (i) These Regulations may be called the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) (Fifth Amendment) Regulations, 2013.
- (ii) They shall come into force from the date of their publication in the Official Gazette.

#### **2. Amendment of Regulation 4**

In the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 ([Notification No. FEMA 3/2000-RB, dated May 3, 2000](#)), in Regulation 4, in sub-regulation (2), in clause (i), after the word India, the words "or any other entity as permitted by Reserve Bank" shall be inserted.

