



October 24, 2025

To,

The Chief General Manager,  
Reserve Bank of India  
Central Office  
Mumbai

**Subject: Feedback on the Draft External Commercial Borrowings (ECB) Regulations**

Dear Sir/Madam,

We appreciate the efforts of the Reserve Bank of India (RBI) in reviewing and revising the ECB framework to align with the evolving business needs and regulatory requirements. BCAS welcomes the opportunity to provide feedback on the draft ECB regulations and recommends the following clarifications and modifications:

**1. Clarification on Eligible Borrowers:**

a. The revised definition of Eligible Borrower breaks the linkage with FDI eligibility. We request RBI to clarify whether entities not eligible to receive FDI, such as those engaged in restricted sectors like lottery, would now be permitted to raise ECBs. This clarification would prevent interpretational gaps and ensure consistency in application.

b. The revised definition for 'Eligible Borrower' refers to "any person incorporated, established or registered under a Central or State Act." We seek greater clarity on whether registration under laws such as the SEBI Act, GST Act or partnership registration under the Partnership Act would suffice for ECB eligibility.

**2. Lenders from FATF/IOSCO Non-Compliant Jurisdictions:**

Given that lenders from non-compliant jurisdictions are permitted, we suggest RBI should standardize the procedures like 6-point KYC as in the case of FDI instead of leaving the same to AD Banks discretion. Alternatively, guidance on the extent of discretion available to AD Category-I Banks in such cases would be necessary.

**3. Borrowing Limit - Period of Maintenance:**

We seek clarity on whether the borrowing limit is to be maintained only at the time of borrowing or throughout the tenure of the ECB. Continuous maintenance could lead to impractical outcomes and may need rationalization.

#### **4. Arm's Length Pricing of Borrowings:**

While borrowings from related parties or group entities are to be at arm's length, the draft also states that the pricing norms have to be followed for "otherwise connected lender". However, the term has not been defined in the regulations. It would be better to have the term defined or alternatively refer only to related parties and group entities.

#### **5. Credit of ECB Proceeds to FCY Accounts:**

Although ECB proceeds for foreign expenditure are now permitted to be credited to FCY accounts maintained with Indian banks, corresponding amendments have not yet been reflected in the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2015. We request RBI to align the permitted credit provisions for operational consistency.

#### **6. Applicability of Revised Parameters to Existing ECBs:**

There is no mention on whether existing ECBs can adopt beneficial changes introduced under the revised framework, such as reduced MAMP or justified upward revision in interest rates for related party borrowings benchmarked to ALP. Therefore, enabling provision should be introduced to allow existing ECBs to adopt the beneficial changes.

#### **7. Reporting Requirements under Form ECB-2:**

The draft provides for ECB-2 reporting only at the stages of drawdown and debt servicing. We recommend RBI clarify whether reporting of utilization and parking of ECB proceeds is to continue under Form ECB-2 or be monitored directly by AD Banks under supervisory guidelines.

We believe that these clarifications and modifications will enhance the effectiveness and clarity of the ECB framework. We appreciate RBI's consideration of our feedback and look forward to a favorable response.

Thank you for your time and consideration.

Sincerely,



**CA Zubin F. Billimoria**  
**President**  
**Bombay Chartered Accountants Society**  
Mumbai