



**RESERVE BANK OF INDIA**  
**Foreign Exchange Department**  
**Central Office**  
**Mumbai - 400 001**

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**RBI/2012-13/539**

**A.P. (DIR Series) Circular No. 113**

**June 24, 2013**

To

All Authorised Dealer Category –I Banks

Madam / Sir

**External Commercial Borrowings (ECB) for the low cost affordable housing projects**

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 61 dated December 17, 2012](#) on the captioned subject in terms of which ECB for low cost affordable housing projects is allowed as a permissible end-use under the approval route.

2. The policy regarding ECB for the low cost affordable housing projects has been reviewed and it has been decided to modify the guidelines contained in the aforesaid A.P. (DIR Series) Circular as under:

- i. Developers/builders should have a minimum of three (3) year's experience in undertaking residential projects as against five (5) years prescribed earlier and should have good track record in terms of quality and delivery.
- ii. The condition of minimum paid-up capital of not less than INR 50 crore, as per the latest audited balance sheet, for Housing Finance Companies (HFCs) stands withdrawn. However, the condition of the minimum Net Owned Funds (NoF) of Rs. 300 crore for the past three financial years remains unchanged.
- iii. The aggregate limit for ECB under the low cost affordable housing scheme is extended for the financial years 2013-14 and 2014-15 with a ceiling of USD 1 billion in each of the two years, subject to review thereafter.
- iv. The ECB availed of by developers and builders shall be swapped into Rupees for the entire maturity on fully hedged basis.

3. Issue of fixation of spread for on-lending by National Housing bank (NHB):

Interest rate spread to be charged by National Housing Bank (NHB) may be decided by NHB taking into account cost and other relevant factors. NHB shall ensure that interest rate spread for HFCs for on-lending to prospective owners' of individual units under the low cost affordable housing scheme is reasonable.

4. Housing Finance Companies (HFCs) while making the applications, shall

- i. submit a certificate from NHB, the nodal agency, that the availment of ECB is for financing prospective owners of individual units for the low cost affordable housing;
- ii. ensure that cost of such individual units does not exceed Rs. 30 lakh and loan amount does not exceed Rs. 25 lakh;
- iii. ensure that the units financed are having maximum carpet area of 60 square metres; and
- iv. ensure that the interest rate spread charged by the HFCs to the ultimate buyer is reasonable.

5. All other aspects of the scheme mentioned in the aforesaid A.P. (DIR Series) Circular would remain unchanged. Authorised Dealers may bring the contents of this Circular to the notice of their constituents and customers.

6. The directions contained in this circular have been issued under Section 10 (4) and Section 11 (1) 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

**(Rudra Narayan Kar)**  
**Chief General Manager in-Charge**