Understanding How ECB Can Be Used for Working Capital

Special Categories Only

External Commercial Borrowings (ECB) normally cannot be used for working capital or repayment of rupee loans. However, RBI permits these uses under specific long-term categories to support stable, long-term business growth.

1. ECB with Minimum 10-Year Maturity

ECB may be used for working capital, general corporate purpose, or repayment of rupee loans if:

- The ECB has a minimum average maturity of 10 years.
- The lender is a recognized foreign lender.
- No call or put option is permitted before 10 years.

2. ECB from Foreign Equity Holder (Minimum 5-Year Maturity)

Working capital and general corporate use are permitted if:

- The lender is a direct foreign equity holder (minimum 25% equity or parent/group company).
- ECB carries a minimum 5-year maturity.
- End-use is clearly declared upfront at the time of raising ECB.

3. Stressed Borrower Category (Approval Route)

RBI may allow stressed or NPA-classified borrowers to raise ECB for working capital and debt restructuring under the approval route on a case-by-case basis.

Summary for Clients

ECB can be used for working capital only under the above long-term permitted categories. The Dream Finance will evaluate your profile and structure your ECB under the appropriate category to ensure full compliance with RBI guidelines.

Contact

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