

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2634

ANSWERED ON:09.12.2005

OVERSEAS FUNDS RAISED BY COMPANIES

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Govt. have allowed companies to raise funds from overseas;
- (b) if so, the reasons therefor alongwith the names of companies availed the facility during the last two years;
- (c) the quantum of funds raised by each of those companies and the manner in which the funds have been spent by them;
- (d) the purpose for which such funds were raised;
- (e) whether these companies have diverted / misused the funds for other purposes than for which the funds were raised; and
- (f) if so, the details thereof and action taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a) to (f) : Indian companies are allowed to raise funds from overseas sources in accordance with the guidelines / policies on ECBs and FDI. The amounts raised through these routes, as informed by RBI, is given below:-

(in US\$ million)
Year ECBs FDI including GDRs
(Provisional)

2003-04	6574	5132
2004-05	8363	6148
2005-06	1773	3141
	(April	(April
	-June)	-August)

The information relating to amounts raised by each company is voluminous. Data in respect of FDI approvals / inflows are published in the monthly SIA Newsletter of Department of Industrial Policy & Promotion, which is also available at their website - www.dipp.nic.in. The company-wise database for ECBs is available at the website of the Reserve Bank of India - www.rbi.org.in , since February, 2004.

For amounts raised towards capital by Indian companies, reporting requirement to RBI is as per the regulations notified under the Foreign Exchange Management Act, 1999 (FEMA). For amounts raised as debt, the designated Authorized Dealer (AD) is required to ensure that raising / utilization of ECB is in compliance with ECB guidelines at the time of certification. Any contravention of guidelines invites penal action under the provisions of FEMA. However, as per RBI's records, they have no information on diversion or misuse of funds for purposes other than for which these were raised.