

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2170
ANSWERED ON:12.12.2008
PERMISSION FOR RAISING OVERSEAS LOAN
Murmu Shri Hemlal;Singh Shri Uday

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has made it easy for the domestic infrastructure companies to raise foreign funds for their projects as reported in the Hindustan Times dated 23rd September,2008;
- (b) if so,the details thereof and the names of the Indian companies which have sought overseas loans;
- (c) the amount of overseas loans obtained so far,company-wise with the details of the funding agencies during the current year; and
- (d) the steps taken by the Government to ensure the utilization of these funds for the concerned projects?

Answer

MINISTER OF STATE FOR FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): Yes,Sir.ECB policy was modified on September 22,2008.Considering the huge funding requirements of the sector, particularly for meeting Rupee expenditure, the existing limit of USD 100 million was raised to USD 500 million per financial year for the borrowers in the infrastructure sector for Rupee expenditure under the Approval Route. On a further review of the ECB policy and to promote the development of the mining, exploration and refinery sectors in the country, it was decided to expand the definition of Infrastructure sector for the purpose of availing of ECB since October 8, 2008. Further, keeping in view the evolving macroeconomic situation, changing market conditions and external sector developments, sectoral requirements, and the lessons of experience, ECB policy has been further modified on October 22, 2008 to permit ECB up to USD 500 million per borrower per financial year for Rupee expenditure and/or foreign currency expenditure for all permissible end uses under the Automatic Route.

(b) & (c): Details of companies in the infrastructure sector whose ECBs are registered with Reserve Bank during the year 2008-09 (till October 31, 2008) are as in Annex.

(d) The end-use of ECB funds is specified in the guidelines on ECB. Further, the end-use is monitored through the monthly report in Form ECB-2 submitted by the borrower to the Reserve Bank, duly certified by the Company Secretary/Chartered Accountant and countersigned by the designated Authorized Dealer.The primary responsibility to ensure that ECB raised/utilized are in conformity with the ECB guidelines and the Reserve Bank regulations/directions is that of the concerned borrower and any contravention of the ECB guidelines are viewed seriously and invite penal action under FEMA 1999.