

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4374
ANSWERED ON:20.08.2010
`RELAXATION IN ECB NORMS`
Balram Shri P.;Shetkar Shri Suresh Kumar

Will the Minister of FINANCE be pleased to state:

- (a) the maximum amount of External Commercial Borrowings (ECBs) an entity is permitted to make at a time;
- (b) whether the Government has plans to relax the ECB norms; and
- (c) if so, the details thereof; sector wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): The maximum amount of ECB that can be raised by an eligible borrower under the automatic route is as follows:

Up to US\$ 500 million per year for companies in real sector for rupee or foreign currency expenditure;

Up to US\$ 100 million for borrowers in the services sector viz. hotels, hospitals and software companies for foreign currency and / or Rupee capital expenditure for permissible end-uses;

Up to US\$ 5 million for NGOs engaged in micro finance activities.

An additional amount of US\$ 250 million over and above US\$ 500 million under the automatic route can be raised by the companies in real sector under the approval route.

The ECB which is not covered by the automatic route is considered under the approval route on a case-by-case basis by RBI.

(b) & (c): The ECB policy is regularly reviewed by the Government in consultation with RBI to keep it in tune with the macro economic situation, changing markets conditions, sectoral requirements, domestic investment demand, global economic conditions etc. The Government has no plans to relax the ECB norms further at this stage.