

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5123
ANSWERED ON:10.12.2010
`VIOLATION OF ECB GUIDELINES`
Swamygowda Shri N Cheluvarya Swamy

Will the Minister of FINANCE be pleased to state:

- (a) whether some firms dealing in power, communication and infrastructure sectors have violated the External Commercial Borrowings (ECB) guidelines of the Reserve Bank of India (RBI) during the last two years;
- (b) if so, the details thereof alongwith the details of prosecution and conviction in this regard, company-wise;
- (c) whether some big industrial groups involved in violation of ECB guidelines have evolved new mechanism/strategy to by pass the pending liability and has approached RBI for ECB approval by their other group or subsidiary companies; and
- (d) if so, the steps taken by the Government to ensure that such subsidiary or new companies of single-umbrella group do not circumvent the RBI guidelines unless their pending violations are resolved?

Answer

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

- (a): Yes, Sir.
- (b): The details of the companies dealing in power, communications and infrastructure sectors which have contravened the extant ECB guidelines, during 2008-09, 2009-10 and 2010-11 (till November 2010) are given in Annexure.
- (c): One company associated with an industrial group obtained funds under the ECB scheme and diverted them to other group companies.
- (d): As per extant ECB policy, corporates which have violated the ECB policy and are under investigation by RBI and / or Directorate of Enforcement, are only allowed to avail ECB under the Approval route. RBI has constituted an Empowered Committee consisting of members from the RBI and outside for considering applications for ECBs from borrowers under the approval route.