

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4873
ANSWERED ON:07.08.2009
INVESTMENT IN MEGA POWER PROJECTS
Sanjoy Shri Takam

Will the Minister of FINANCE be pleased to state:

(a) Whether the Government is contemplating to raise the institutional (Sectorial) cap imposed at present from various Indian companies particularly in Hydro Power Sectors; and

(b) If so, the details thereof?

Answer

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

(a) & (b): Under the extant Foreign Direct Investment (FDI) policy of the Government of India, FDI in the power sector is permitted upto 100 per cent under the Automatic Route, subject to the provisions of the Electricity Act, 2003.

2. As per extant guidelines on External Commercial Borrowings (ECB) corporates in the infrastructure sector including power sector are allowed to avail of ECB upto USD 500 million in a financial year under the Automatic Route for permissible end-uses.

3. As regards credit exposure ceiling limits for Banks, the general limit is 15 per cent of capital funds in case of a single borrower and 40 per cent of capital funds in case of a borrower group. The credit exposure may go up by an additional 10 per cent upto 50 per cent if the additional credit exposure is on account of extension of credit to infrastructure projects.