

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2512

ANSWERED ON:07.12.2012

ECB POLICY

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Will the Minister of FINANCE be pleased to state:

- (a) whether the eligible borrowers in the telecommunication sector are permitted to avail of External Commercial Borrowing (ECB) for the purpose of payment for spectrum allocation under the automatic route;
- (b) if so, the details in this regard;
- (c) whether the Government proposes to further relax the ECB Policy;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the time by which the Reserve Bank of India (RBI) is likely to issue necessary orders in this regard?

Answer

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

(a) & (b): Yes, Sir. As per the extant ECB policy, eligible borrowers in the telecommunication sector are permitted to avail of ECB for the purpose of payment for spectrum allocation, under the automatic route.

(c) & (d): The ECB policy is reviewed periodically by the Government in consultation with RBI keeping in view the evolving macro economic situation, external sector assessment, needs of the corporate sector and sectoral requirements.

Keeping in view the large outlay of funds required to be paid directly to the Government within a limited period of time for the 2G spectrum auction, ECB policy has been reviewed recently and the following relaxations have been made :-

The successful bidders in the 2G auction would be eligible to refinance their Rupee loans availed of from the domestic lenders for making the upfront payment with a long-term ECB, under the 'automatic route' subject to certain conditions.

Such bidders can also avail of short term foreign currency loan in the nature of bridge finance under the 'automatic route' for the purpose of making upfront payment towards 2G spectrum allocation and replace the same with a long term ECB under the 'automatic route' subject to certain terms and conditions.

Successful bidders will also be allowed to avail of ECB from their ultimate parent company without any maximum ECB liability-equity ratio under the 'automatic route' subject to certain conditions.

The details of the aforesaid relaxations are available at: <http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=7720&Mode=0>

(e): the relaxations in ECB policy with regard to 2G Spectrum allocation have already been implemented by RBI vide A.P. (DIR Series) Circular No. 54 dated November 26, 2012.