

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:193  
ANSWERED ON:22.02.2013  
ECB LIMIT  
Ahir Shri Hansraj Gangaram

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has given approval to development and home financial companies for availing external funds for providing low cost houses;
- (b) if so, the details thereof and limits set in this regard if any;
- (c) whether the companies of the said sector have complained about the said set limit being small; and
- (d) if so, the reaction of the Government thereto?

**Answer**

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

(a) & (b): In the Union Budget 2012-13, an External Commercial Borrowing (ECB) provision was made for low cost affordable housing projects as a permissible end-use. The said Budget announcement was implemented by RBI vide its A.P. (DIR Series) Circular No. 61 dated December 17, 2012. Under this scheme, ECB can be availed by developers / builders and National Housing Bank (NHB) for low cost affordable housing projects. Housing Finance Companies (HFCs) and NHB can also avail ECB for financing prospective owners of low cost affordable housing units. Such ECBs can be availed under the approval route subject to satisfying conditions stipulated by RBI. The ECB proceeds shall, however, not be used for acquisition of land. For the financial year 2012-13 an aggregate limit of US\$ 1 billion has been fixed for ECBs to be raised under this scheme.

(c) & (d): No complaint has been received regarding the ECB limit set under this scheme as being small. However, a pre-budget memoranda from some of the HFCs has been received with the request to consider notifying the availability of the limit of US\$ 1 billion in each financial year for the next 5 years so that borrowers can plan their ECBs with certainty. In this connection, it is clarified that the US\$ 1 billion limit prescribed under this scheme is an annual limit and is subject to periodic review.