

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2703
ANSWERED ON:07.02.2014
ECB POLICY
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Will the Minister of FINANCE be pleased to state:

- (a) the existing criteria for grant of permission to avail the External Commercial Borrowing (ECB) for the purpose of payment of spectrum allocation under the automatic route;
- (b) whether there is any proposal for further relaxation in the ECB policy; and
- (c) if so, the details thereof ?

Answer

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

(a): As per the extant ECB policy, successful bidders of spectrum allocation by Government of India are permitted to avail the External Commercial Borrowing (ECB) up to USD 750 million per financial year for the purpose of payment of spectrum allocation under the automatic route subject to the terms and conditions prescribed by Reserve Bank of India.

The successful bidders making the upfront payment for the award of 2G spectrum initially out of Rupee loans availed of from the domestic lenders are eligible to refinance such Rupee loans with a long-term ECB, under the automatic route, subject to the following conditions:

the long term ECB shall be raised within a period of 18 months from the date of sanction of such Rupee loans for the stated purpose from the domestic lenders;

the designated AD Category I bank has evidenced the payment of upfront fees to Gol in the form of a receipt / challan from DoT.

The successful bidders in the 2G auction are also allowed to avail of ECB under the automatic route from their ultimate parent company without any maximum ECB liability-

equity ratio subject to the condition that the lender holds minimum paid-up equity of 25 per cent in the borrower company, either directly or indirectly.

Further, the successful bidders can 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 the following conditions:

the long term ECB is raised within a period of 18 months from the date of drawdown of bridge finance; and

the long term ECB is in compliance with all the extant guidelines on ECB.

(b)&(C): There is no proposal for further relaxation in the ECB policy for the purpose of payment for spectrum allocation under the automatic route at this juncture.