

**Government of India**  
**Ministry of Finance**  
**Department of Economic Affairs**  
**Capital Markets Division**  
**(ECB Section)**

**PRESS RELEASE**

**Review of External Commercial Borrowings (ECB) Policy**

The External Commercial Borrowing (ECB) policy has been reviewed to keep it in tune with the evolving macroeconomic situation, changing market conditions, sectoral requirements the external sector and lessons of experience. Consequent upon such a review, it has been decided to modify some aspects of the ECB policy as indicated below:

**All-In-cost ceiling on ECB**

2. As per extant ECB policy, the all-in-cost ceiling for ECBs , in respect of both automatic as well as approval routes, for average maturity period of 3-5 years and more than 5 years are 6 month Libor+300 bps and 6 month Libor+500 bps respectively.

3. Keeping in view the credit conditions in the international and domestic financial markets, it has been decided to dispense with the requirement of all-in-cost ceilings on ECB until June 30, 2009. Eligible borrowers proposing to avail of ECB beyond the permissible all-in-cost ceilings specified in para 2 above may approach the Reserve Bank of India under the approval route. This relaxation in all-in-cost ceiling will be reviewed in June, 2009.

**ECB for development of integrated township**

4. In May, 2007 RBI had withdrawn the exemption accorded to the development of integrated township as a permissible end-use of ECB. It has been decided to permit corporates engaged in the development of integrated township, as defined in Press Note 3 (2002 Series) dated January 04, 2002 issued by the Ministry of Commerce & Industry, to avail of ECB under the Approval Route. This facility will be reviewed in June 2009.

**ECBs for NBFCs exclusively engaged in financing of the infrastructure sector**

5. As per the extant policy guidelines o ECB, NBFCs are permitted to avail of ECB fro a minimum maturity period of five years to finance import of infrastructure equipments for lessing to infrastructure projects in India. It has now been decided to allow NBFCs, which are exclusively involved in financing of the infrastructure sector, to avail of ECBs from multilateral/regional financial institutions and government owned development financial institutions under the approval route. While considering the applications, RBI will take into account the aggregate commitment of these lenders directly to infrastructure projects in India. The direct lending portfolio of the above lenders vis-à-vis their total ECB lending to NBFCs, at any point of time should not be less that 3:1. This facility will be reviewed in June, 2009.

**ECBs by the services sector**

6. At present entities in the services sector namely Hotels, Hospitals and Software sector are allowed to avail of ECB up to USD 100 million per financial year for import of capital goods under the approval route. It has been decided to permit the corporate in the hotels, hospitals and software sectors to avail ECB up to USD 100million per year fore both foreign currency and /or rupee capital expenditure for permissible end use, other than for land acquisition route.

**Limit for Flls' investment in corporate**

7. Currently, Flls have been permitted to invest up to USD 6 billion in corporate debt it has now been decided to enhance the limit to USD 15 billion.

8. All other aspects of ECB policy such as USD 500 million limit per company per year under the automatic route, eligible borrower, recognized lender, , end-use, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.

9. The above amendments in ECB policy will come into force on the date of notification of regulations / direction issued by the Reserve bank in this regard under the foreign Exchange Management act, 1999.

---

F. No. 6/(01)/2008-ECB

Dated 2<sup>nd</sup> January, 2009

The press information bureau is requested to give wide publicity to this press release.

(Dr. K.P. krishnan)

Joint secretary to the government of India

**Press information Officer  
Press Information Bureau  
Shastri bhawan  
New delhi**