GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 301

TO BE ANSWERED ON MONDAY, JUNE 24, 2019/ ASHADHA 3, 1941 (SAKA)

POLICY FOR OVERSEAS BORROWING

301: SHRI ASADUDDIN OWAISI

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

(a) whether the Reserve Bank of India (RBI) has recently notified a new policy for overseas borrowing allowing all the eligible entities to raise foreign funds under automatic route removing sectoral curbs;

(b) if so, the details thereof;

(c) the extent to which this step of the RBI is likely to help improve ease of doing business; and

(d) the manner in which the new policy is likely to remove earlier Tracks I and Tracks II sectoral curbs to ease of doing business?

ANSWER

MINISTER OF FINANCE
(Ms. NIRMALA SITHARAMAN)

(a) & (b): Reserve Bank of India (RBI), in consultation with the Government of India, has rationalised the extant framework for External Commercial Borrowings (ECB) and Rupee Denominated Bonds and issued A.P. (DIR Series) Circular No. 17 dated January 16, 2019 in this regard. ECBs upto USD 750 million or equivalent per financial year are permitted under automatic route subject to certain terms and conditions prescribed in the guidelines. The copy of the said circular is given on the following link:

https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT1096DD257F73C9F4BD280F9C2A2CAD084F1.PDF (c): RBI in consultation with the Government has been incrementally calibrating the ECB framework over the past few years taking into account the emerging financing needs of the Indian entities and the macroeconomic developments, by permitting more resident entities as eligible borrowers, recognizing more entities as lenders, expanding end-uses and rationalizing the all-in-cost and minimum maturity requirements for such borrowings. The recent changes that have been brought out in the ECB policy are a part of this continuing effort and to promote ease of doing business.

(d): Unlike in the earlier policy where eligible borrowers were limited to companies in the manufacturing, software development, infrastructure, shipping and airlines companies etc., the new framework expands the list of eligible borrowers to include all entities eligible to receive Foreign Direct Investment (FDI).

Similarly, the list of eligible lenders have been expanded from select category of institutions to any entity that is resident of Financial Action Task Force (FATF) or International Organisation of Securities Commissions (IOSCO) compliant country.

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