

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 3759**

ANSWERED ON MONDAY, MARCH 24, 2025/CHAITRA 3, 1947 (SAKA)

**EXTERNAL COMMERCIAL BORROWINGS**

**3759. Shri Lavu Sri Krishna Devarayalu:  
Shri G M Harish Balayogi:**

Will the Minister of FINANCE be pleased to state:

- (a) the details of the Indian companies with external commercial borrowings including the total outstanding amount, sector-wise distribution and the extent of hedging against currency risks;
- (b) the measures taken/being taken by the Government to mitigate the increased financial burden on Indian companies due to the recent depreciation of the rupee, especially those with unhedged external commercial borrowings;
- (c) the steps taken by the Government to monitor and regulate the rising trend of external commercial borrowings to prevent potential financial instability due to currency depreciation;
- (d) whether the Government is considering to promote alternative financing options to reduce corporate reliance on foreign currency loans and mitigate exchange rate risks; and
- (e) if so, the details of the specific measures being explored, including the potential introduction of innovative financial instruments such as rupee-denominated bonds (masala bonds) or Infrastructure Investment Trusts (InvITs) to provide businesses with viable domestic funding alternatives?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a): As of September 2024, the total outstanding External Commercial Borrowings (ECBs) stood at USD 190,397 million, with around two-thirds of such ECBs being hedged. The company-wise details of outstanding ECBs with extent of hedging against currency risks, are not compiled and maintained by the Reserve Bank of India (RBI).

(b) and (c): ECBs are governed under the framework formulated by RBI under the powers given under Foreign Exchange Management Act (FEMA), 1999. This framework has been progressively calibrated to address the evolving financing needs of Indian entities and the macroeconomic developments. As per extant instructions, entities raising ECBs in foreign currency are required to follow the guidelines for hedging issued, if any, by the concerned sectoral or prudential regulator in respect of foreign currency exposure. In addition, Infrastructure space companies shall have a risk management policy approved by their Board and are required to mandatorily hedge 70 percent of their ECB exposure in case the average maturity of the ECB is less than 5 years.

(d) and (e): The Government of India, in collaboration with RBI and the Securities and Exchange Board of India (SEBI), continues to undertake measures aimed at diversifying and expanding alternative sources of raising capital for Indian companies. In recent years, several initiatives have been introduced to attract foreign capital, that include, inter-alia, notification of the 'Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme', liberalization of the Foreign Direct Investment (FDI) policy, simplification of processes to enhance the ease of onboarding Foreign Portfolio Investors (FPIs), and a comprehensive review of the regulatory regime governing foreign portfolio investment in debt instruments.

At the same time, several policy initiatives have been introduced to enhance sources of domestic capital. These measures have significantly boosted fund mobilization in recent years through instruments like Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), and Alternative Investment Funds (AIFs). The total funds mobilized through REITs and InvITs have increased from ₹10,772 crore in FY 2019-20 to ₹22,702 crore in FY 2024-25 (up to February 2025). Likewise, cumulative funds raised through AIFs have grown significantly, from ₹1,71,713 crore as of December 2019 to ₹5,27,284 crore as of December 2024.

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