

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6195
ANSWERED ON:06.05.2005
EXTERNAL COMMERCIAL BORROWINGS
Mandal Shri Sanat Kumar;Swain Shri M.A. Kharabela

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is planning to relax External Commercial Borrowings (ECB) norms of the country;
- (b) if so, the details thereof ; and
- (c) the necessities felt for providing such relaxation in the ECB norms ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a), (b) & (c) As announced in the Budget 2005-06, a window has been opened to enable qualified NGOs engaged in micro-finance to access the External Commercial Borrowing (ECB) window. Accordingly, NGOs engaged in micro finance activities have been permitted to raise ECB up to USD 5 million during a financial year for permitted end-use, under the automatic route. Detailed guidelines to operationalise the decision have been issued by the Reserve Bank of India.

ECB guidelines are reviewed periodically by the Government in consultation with RBI based on current macro-economic situation, challenges faced in external sector management and the experience gained so far in administering ECB policy.