

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2013
ANSWERED ON:12.12.2008
EXTERNAL COMMERCIAL BORROWINGS
Shekhar Shri Neeraj

Will the Minister of FINANCE be pleased to state:

- (a) whether the applications for external commercial borrowings require the approval of Reserve Bank of India (RBI) under the existing Rules;
- (b) If so, the number of applications received from the borrowers and approved during the last three years and current year;
- (c) the norms/criteria adopted for acceptance and rejection of such application; and
- (d) the manner in which the Government inform acceptance/ rejection to the borrowers of external commercial borrowings?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): As per the extant guidelines, ECB can be accessed under two routes viz. automatic route and approval route for permissible end-uses. ECB up to US\$ 500 million for permissible end-uses in foreign currency and / or Indian rupees can be accessed by eligible borrowers under the automatic route. ECB applicants who are not covered under the automatic route and are not eligible to borrow under the automatic route may approach Reserve Bank under the approval route. Reserve Bank has set up an Empowered Committee headed by a Deputy Governor to consider proposals coming under the approval route.

(b): The number of applications received from the borrowers and approved under the approval route during the last three years and current year are given as under:

S.No.	Year	No. of Applications received	No. of application approved
1	July 2005 to June 2006	74	53#
2	July 2006 to June 2007	67	58#
3	July 2007 to June 2008	349	217#
4	July 2008 to till date	110	107#

#Remaining applications are either rejected, withdrawn or under correspondence.

(c) The ECB guidelines form the basis for acceptance and rejection of such applications. The primary responsibility to ensure that ECB raised/ utilized are in conformity with the ECB guidelines and the Reserve Bank regulations/ directions is that of the borrower concerned. The designated AD (Authorised Dealer) bank is also required to ensure that raising / utilization of ECB is in conformity with ECB guidelines at the time of certification.

(d): Eligible borrowers avail of ECB under the automatic route by filing Form 83 through an authorized dealer and obtaining loan registration number from the Reserve Bank. ECB under the approval route is availed of by the borrowers by filing Form 83 on the basis of the approval given by the Reserve Bank. Borrowers whose applications are rejected are advised suitably by the Reserve Bank.