

Ministry of Finance  
Department of Economic Affairs  
(Capital Market Division)  
**PRESS RELEASE**

**Subject: External Commercial Borrowing (ECB) Policy –Liberalisation and Rationalization**

The ECB policy is reviewed periodically by the Government in consultation with RBI keeping in view the evolving macro economic situation, external sector assessment, needs of the corporate sector and sectoral requirements.

2. As per the extant policy, eligible borrowers in the telecommunication sector are permitted to avail of ECB for the purpose of payment for spectrum allocation, under the automatic route. Consequent upon a review and in order to develop the telecom sector in the country, the Government, in January 2010, had provided a window of 12 months to the successful bidders of 3G auction to refinance the Rupee loans initially availed of from the domestic lenders to make payment for spectrum allocation with a long-term ECB under the approval route subject to certain conditions.

3. On a review of the current ECB policy and keeping in view the large outlay of funds required to be paid directly to the Government within a limited period of time, the following relaxations are provided for the upcoming 2G spectrum auction:-

- The successful bidders in the 2G auction would be eligible to refinance their Rupee loans availed of from the domestic lenders for making the upfront payment with a long-term ECB, under the 'automatic route' subject to certain conditions.
- Such bidders can also avail of short term foreign currency loan in the nature of bridge finance under the 'automatic route' for the purpose of making upfront payment towards 2G spectrum allocation and replace the same with a long term ECB under the 'automatic route' subject to certain terms and conditions.
- Successful bidders will also be allowed to avail of ECB from their ultimate parent company without any maximum ECB liability-equity ratio under the 'automatic route' subject to certain conditions.

4. RBI is expected to issue relevant circular giving effect to the aforesaid liberalization measures in ECB policy within a week.

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**F. No. 06/20/2012-ECB**

**New Delhi, Dated the 9<sup>th</sup> November 2012**

The Press Information Bureau is requested to give wide publicity to this press release.

  
**(Anup Wadhawan)**

**Joint Secretary to the Government of India**

**Press Information Officer,  
Press Information Bureau,  
Shastri Bhawan, New Delhi**