

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

**Subject: Liberalization in External Commercial Borrowings (ECB) Policy relating to  
Refinancing of Rupee debt for Power Sector**

Infrastructure development holds the key to India's economic growth. Currently, since September 23, 2011, Indian companies in the infrastructure sector are permitted to utilise 25 per cent of the fresh ECB raised by them towards refinancing of the domestic Rupee loan (s) under the approval route.

2. In view of the increasing capital requirement of the power sector, Hon'ble Finance Minister had, in his Budget Speech 2012-13, announced further liberalization of the ECBs for refinancing of the Rupee debt for the power sector.

3. Power companies will now be able to raise ECBs for refinancing their rupee debt upto a maximum limit of 40%, provided the remaining 60% of the ECB raised is utilized for investment in a new project.

4. This policy decision would increase access to cheaper funds for companies in the power sector.

5. RBI is expected to issue relevant circular/notification giving effect to the aforesaid Budget announcement within 7 days.

**F. No. 6/01/2012-ECB**

New Delhi, Dated the <sup>th</sup> 18 April 2012

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

  
(Dr. Thomas Mathew)

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