

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**HIGH LEVEL COMMITTEE ON EXTERNAL COMMERCIAL
BORROWINGS (HLCECB) TAKES VARIOUS DECISIONS;
PERMITS SIDBI FOR ACCESSING ECB FOR ON-LENDING TO
MSME SECTOR SUBJECT TO CERTAIN CONDITIONS**

New Delhi, Shravana 31, 1934

August 22, 2012

The High Level Committee on External Commercial Borrowings (HLCECB) met today and the following decisions were taken:

- a. SIDBI will be permitted as an eligible borrower for accessing ECB for on-lending to MSME sector subject to certain conditions which will be finalized in consultation with the RBI.
- b. (i) The eligible Non-Resident entities will be allowed to credit enhance the issue of INR bonds by all companies. The minimum maturity period of such bonds has also been reduced from seven years to three years.
(ii) FIIs will be permitted to invest in these bonds upto the equivalent of US\$5 billion within the overall corporate bond limit of US\$45 billion.
- c. It has already been decided to allow ECBs for low cost housing projects. It has been further decided that entities like NHB and Housing Finance Companies (HFCs) will be included as eligible borrowers for financing such low cost housing projects.
- d. Re-financing of buyer's credit for import of capital goods in the infrastructure sector will be placed under automatic route subject to

- certain conditions. It has also been decided to increase the maturity of such buyer's credit to maximum five years.
- e. In June 2012, a new scheme was introduced to allow companies in the infrastructure and manufacturing sector to re-finance their existing rupee loans through ECBs subject to the condition that their ECB liabilities are extinguished from their future forex earnings. It has been decided to enhance the maximum permissible limit for ECB that can be availed by such companies from 50% to 75% of the average forex earnings realized during the past three financial years or 50% of the highest forex earnings recorded in any of the last three years, whichever is higher. It has also been decided to include SPVs of companies who are in existence for at least one year under the ambit of this scheme.

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