

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

Subject: International Finance Corporation (IFC) Global Rupee Bond-reg

Government in consultation with RBI and SEBI has been making concerted efforts to strengthen India's capital market and open up the economy in a calibrated and careful manner to attract greater foreign capital flows and investment keeping in view the evolving macroeconomic scenario and financing needs of the economy.

2. Recently IFC launched a \$1 billion offshore bond program—the largest of its kind in the offshore rupee market—to strengthen India's capital markets. Under the program, IFC will issue rupee-linked bonds and use the proceeds to finance private sector investment in the country. It may be noted that the exchange rate risk on the bond is borne by the investor.

3. On November 19, 2013 IFC issued the first tranche of US \$ 161 million under its USD 1 billion Global Rupee Bond Program. In the context of the renewed volatility of the Indian Rupee in recent weeks, this is a very good outcome and sends a positive medium to long term message on the currency and the economy.

4. Salient features of the IFC inaugural tranche are as under:

Features	Details
Size	INR 10 Billion (\$161 million)
Tenor	3 years
Coupon	7.75% (70 bps below prevailing 3-year Indian government bond yield)
Order book	INR 20.6Bn (approx. 2 times oversubscription).
Investor Profile	27 investors across the globe (from the US, Asia and Europe) participated in the transaction. Investors include asset managers, insurance companies, central and private banks, corporates, pension funds and real money investors.

5. This pioneering bond issue has met with a tremendous response and the fact that it has been oversubscribed by two times compared to the targeted

amount of \$161 million, shows the attractiveness of quality Indian Rupee paper for global investors. In order to meet the huge need for infrastructure funding, it is crucial for India to develop the off-shore Rupee market as an alternative source of dollar funding. This capital raising opens up a new conduit for mobilizing funds for our various development needs, including for infrastructure. The success of this novel issue prepares the ground work for future issuances and is an important milestone for developing both our offshore as well as onshore debt capital markets.

6. The IFC global Rupee bond program would lead to inter-mediation of international savings for development and help in the further development of capital markets in India. It will broaden the international investor base for India by attracting foreign investors who can invest only in very highly rated paper and/or smaller investors who want to take Rupee exposure but are not set up to make investments on-shore. An important objective is not only to bring in dollar inflows but to send a signal to the international markets about India's economic strengths. IFC's offshore bond program will help bring depth and diversity to the offshore rupee market, help strengthening/ stabilizing external value of rupee and pave the way for an additional source of funding for Indian companies.

F. No. 01/19/2013-EM

New Delhi, Dated the 20th November 2013

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



(Dr. K.P. Krishnan)

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