Policy for and Regulation of External Commercial Borrowing

M. S. Sahoo, FCS, New Delhi.

Any commercial loan in foreign exchange obtained by a resident Indian from a non resident lender is termed as external commercial borrowing and is subject to the policy of the Govt. of India and the Guidelines stipulated by the Reserve Bank of India. This article makes a detailed examination of the policy and Regulations relating to ECB.

BACKGROUND

External Commercial Borrowing (ECB) refers to commercial loans in foreign exchange availed by persons resident in India from non-resident lenders. Thus, the ingredients of ECB are: (a) It is a commercial loan; (b) It is in foreign exchange; (c) It is availed by a person resident in India; and (d) It is availed from non-residents lenders. All forms of borrowing having all the above four ingredients are not permitted. Neither all permissible borrowings are ECB under the ECB policy. The borrowings from specified lenders by specified borrowers for specified purposes under specified terms are considered ECB. For example, it is ECB if it has a minimum average maturity of 3 years. The borrowing with maturity of less than one year is considered 'short term credit'. The borrowing for imports by the overseas supplier, bank and financial institution for maturity of less than 3 years is considered 'Trade Credit'.

The ECB outstanding at the end of December 2007 was about US $ 57 billion which accounted for nearly one third of India's external debt. The year 2007-08 reportedly witnessed an ECB of about US $ 30 billion, making it a major source of resource for the corporate sector. The sharp increase in ECB in recent years is attributable to two factors: (a) a step-up in domestic industrial activity since 2004-05 has increased the corporate sector's appetite for funds, and (b) the interest rate wedge between overseas borrowing and domestic borrowing has motivated Indian corporates to raise larger resources by borrowing from abroad. The details of ECB flows are presented in Table 1.

TABLE 1 : EXTERNAL COMMERCIAL BORROWING[1]

(US $ million)

Year	Approvals	Gross Disbursement	Amortisation	Interest	Total Debt Service	Debt Outstanding
2000-01	2837	9295	5043	1683	6726	30922
2001-02	2653	2933	4013	1534	5547	29579
2002-03	4235	3033	5001	1180	6181	28074
2003-04	6671	5149	8015	2031	10046	25809
2004-05	11490	9094	3571	959	4530	31595
2005-06	17175	14606	11554	3015	14569	32671
2006-07	26156	20058	4182	1772	5954	47972

ECB imposes a cost on the economy in the form of sterilization cost at the time of borrowing and prepayment/repayment in foreign exchange. Besides, it may at times entail difficulties of servicing debt, given the fact that India is the 5th largest debtor country in the world. It may, however, cause a reduction in cost of resources in the domestic economy by allowing the borrowers to raise resources at favourable rates from overseas and thereby reducing demand on domestic resources. It could also raise the cost at the time of repayment. Given the costs and the benefits associated with ECB to the economy, the policy allows ECB from such sources and for such purposes and at such terms as would maximise the benefits for the economy. It encourages borrowings with long maturities and at low costs for financing investment in

e-mail : msahoomof@gmail.com

1. *Source : India's External Debt - A Status Report, August 2007, Ministry of Finance*

infrastructure and exports which are crucial for overall growth of the economy and discourages borrowing for working capital or general corporate purposes. Requests for ECB are considered by RBI within the overall annual ceiling, consistent with prudent debt management, the sectoral requirements and outcome of balance of payments in the medium term.

LEGAL FRAMEWORK

The Foreign Exchange Management Act, 1999 (FEMA) governs all transactions in foreign currencies, including lending and borrowing in foreign exchange. The Act aims at facilitating external trade and payments and promoting orderly development and maintenance of the foreign exchange market in India. Clause (d) of sub-section (3) of section 6 of the FEMA empowers Reserve Bank of India (RBI) to prohibit, by Regulations, any borrowing or lending in foreign exchange in whatever form or by whatever name called. Section 47 of the Act empowers RBI to make Regulations to carry out the purposes of the Act. In exercise of these powers, RBI has framed the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 (Notification No. FEMA/3/2000-RB dated May 3, 2000) to facilitate borrowing or lending in foreign exchange by a person resident in India. Regulation 6 of the said Regulations provides that a person resident in India satisfying the eligibility and other conditions specified in Schedule I to the Regulations may raise foreign exchange loans of the nature or the purpose specified in that Schedule. It further provides that a person resident in India, desirous of raising foreign exchange loans of the nature or the purpose specified in the Schedule II to the Regulations and satisfying the eligibility and other conditions specified in that schedule, may apply to RBI for approval to raise such loans. While considering grant of approval, RBI takes in to account the overall limit stipulated by it, in consultation with the Central Government, for such loans by the persons resident in India. It may grant its approval subject to such terms and conditions as it may consider necessary. Any foreign exchange loan not covered by the schedules requires specific approval of the RBI.

While the Act and the Regulations empower RBI to regulate borrowing/lending in foreign exchange and provide broad parameters for the same, the details of purpose and source of loan and procedural and compliance requirements are provided in the RBI circulars. These circulars are reviewed yearly to be harmony with the prevailing macroeconomic situation. RBI brings out a Master Circular on policy and procedure relating to ECB with a sun set clause of usually one year. The last Master Circular was issued on 1st July 2007 which is expected to be replaced by another Master Circular on 1st July 2008.

Thus, the ECB is governed by clause (d) of sub-section (3) of section 6 of the Foreign Exchange Management Act, 1999 read with Regulation 6 of the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, as amended from time to time, and the Master Circular No. 2/2007-08 dated 2nd July 2007.

The Guidelines on Policies and Procedures for External Commercial Borrowing and Press Releases issued by Government from time to time provide the policy framework of ECB.

POLICY FORMULATION

Government, at the advice of a High Level Committee on ECB, formulates and reviews the ECB policy in consultation with RBI and announces the same through Press Releases/Guidelines. While formulating/reviewing the policy, Government takes into account the macroeconomic situation, the requirements of the corporate sector, the external financial markets, the challenges faced in the external sector management, and the experience gained in the administration of the ECB policy and endeavours to provide flexibility in borrowing by the Indian corporates while maintaining prudent limits on total external borrowing. The policy evolved by Government is notified and enforced by RBI. Government has been liberalizing the ECB policy to enable Indian corporates greater access to international capital markets. For example, the policy was amended in January 2005 to allow qualified NGOs engaged in micro finance activities and having satisfactory borrowing relationship for at least 3 years with a scheduled commercial bank authorized to deal in foreign exchange to raise ECB up to US$ 5 million during a financial year for permitted end-use under the automatic route. The policy was further amended in June 2005 to allow non-banking financial companies to access ECB with minimum average maturity of 5 years from multilateral financial institutions, reputable regional financial institutions, official export credit agencies and international banks to finance import of infrastructure equipment for leasing to infrastructure projects. The policy was amended further in January 2006 to permit the multi-state Co-operative Societies engaged in manufacturing activities in real sector with financial solvency and up to date audited balance sheet to access ECB. However, of late, there has been some restrictions on ECB to modulate the capital inflows.

Similarly, Government has been streamlining the procedure. It reduced layers of approval such as in-principle approval and taking on record of loan agreement from Government, and FERA approval and permission for draw down from RBI. It delegated sanctioning authority to RBI for ECB up to US$ 5 million from 15th December 1996 and up to US$ 10 million from 1st January 1999. The amount was increased to US$ 100 million in June 2000. The limit was completely removed with effect from 1st January 2004. Simultaneously, Government created an automatic route under which a borrower can access ECB without requiring approval from Government/RBI. ECB approvals up to US$ 50 million and all refinancing of existing ECBs were put under this category in June 2000. This was increased to US$ 500 million in January 2004.

EXTANT POLICY

A prospective borrower can access ECB under two routes, namely the automatic route and the approval route. A corporate, other than a financial intermediary, registered under the Companies

Act, 1956, can access ECB under the automatic route up to US$ 500 million in a financial year for investment (deployment of resources on import of capital goods, new projects, modernization/expansion of existing production units) in real sector (industrial sector including small and medium enterprises and infrastructure sector). Infrastructure sector includes power, telecommunication including manufacturing of telecom equipment, railways, roads including bridges, ports including air port and sea port, industrial parks, and urban infrastructure (water supply, sanitation and sewage projects). The ECB, which is not covered by the automatic route, is considered under the approval route on a case-by-case basis by RBI, that is, ECB for rupee expenditure up to US$ 20 million (Rupee expenditure above US $ 20 million is not allowed), ECB by a financial intermediary dealing with infrastructure finance, ECB beyond US$ 500 million in a financial year, and ECB for purposes other than investment in real sector are considered under the approval route. In case a prospective borrower has doubts as to whether he is covered by the automatic route, he is advised to take recourse to the approval route. The broad details of the policy are presented in Table 2.

TABLE 2: POLICY AND PROCEDURE RELATING TO ECB

Parameter	Automatic Route	Approval Route
Procedure	Borrower enters into a loan agreement with the lender in compliance with ECB Guidelines. However, he is required to obtain a loan registration number from RBI before drawing down the ECB.	Prospective borrower submits an application in the prescribed form through authorized dealer (AD) to RBI. An empowered committee of RBI considers the applications.
Eligible Borrowers	■ Companies (except financial intermediaries) ■ NGOs engaged in micro-finance and having satisfactory borrowing relationship for at least 3 years with a scheduled commercial bank ■ Units in Special Economic Zones for their own requirement	■ Financial Institutions (FIs) dealing exclusively with infrastructure or export finance ■ Banks and FIs who had participated in the textile or steel sector restructuring package to the extent of their investment in the package ■ NBFCs for financing import of infrastructure equipment for leasing to infrastructure projects ■ SPVs financing infrastructure companies/ projects exclusively ■ Any corporate for structured obligations (raising resources domestically and hedging exchange rate risk) ■ Multi-state Co-operative Societies engaged in manufacturing ■ Any corporate requiring US$ 500 – 750 million of ECB in a year ■ Any other not covered by automatic route
Ineligible Borrowers	■ Financial Intermediaries (Banks, FIs, Housing Finance Companies, NBFCs) ■ Individuals ■ Trusts ■ Non-profit organizations	None
Recognised Lenders	■ International Banks ■ International Capital Markets ■ Multilateral FIs ■ Export Credit Agencies ■ Suppliers of Equipment ■ Foreign Collaborators ■ Foreign Equity Holders	■ International Banks ■ International Capital Markets ■ Multilateral FIs ■ Export Credit Agencies ■ Suppliers of Equipment ■ Foreign Collaborators ■ Foreign Equity Holders

	■ Qualified Overseas Organisations and Individuals	
Amount	■ Maximum of US$ 5 million per year for NGOs ■ Maximum of US$ 500 million per year for Companies	■ Up to US$ 20 million for rupee expenditure ■ Up to their investment in textile/steel restructuring package for FIs and Banks ■ Up to US$ 250 million over and above US $ 500 million under automatic route
Permitted End Use	For meeting foreign currency expenditure for : ■ Investments in real sector – industrial sector including SME and infrastructure – in India ■ Overseas direct investment in joint ventures or wholly owned subsidiaries ■ First stage acquisition of shares in disinvestment process and in the mandatory second stage offer to the public ■ Lending to self help groups by NGOs engaged in micro-finance	For meeting foreign currency expenditure for : ■ Investments in real sector – industrial sector including SME and infrastructure – in India ■ Overseas direct investment in joint ventures or wholly owned subsidiaries ■ First stage acquisition of shares in disinvestment process and in the mandatory second stage offer to public
Prepayment	Up to US$ 400 million can be allowed by AD subject to minimum average maturity applicable to the loan. Above US $ 400 million require RBI approval.	■ Up to US$ 400 million can be allowed by AD subject to minimum average maturity applicable to the loan ■ Above US$ 400 million or lower maturity with RBI approval
Guarantees permitted	Guarantee, standby letter of credit, letter of undertaking, or letter of comfort by banks, FIs and NBFCs not permitted	■ Guarantee, standby letter of credit, letter of undertaking, or letter of comfort by banks, FIs and NBFCs not normally permitted ■ Guarantee, standby letter of credit, or letter of comfort by banks and FIs in case of SMEs/ textile companies considered on merit subject to prudential norms
Non-permitted End Use	■ On lending, investment in capital market, acquiring a company in India ■ Real estate, working capital, general corporate purpose, repayment of existing Rupee loans	
Minimum Average Maturity	3 years for ECB up to US$ 20 million 5 years for ECB of US$ 20 - 500 million 10 years for additional amount of US $ 250 million under approval route over and above US $ 500 million under automatic route	
All-in-cost Ceilings	■ 150 basis points over six month LIBOR (or appropriate reference rate) for maturity of 3-5 years ■ 250 basis points over six month LIBOR (or appropriate reference rate) for maturity above 5 years (Includes interest, fees and expenses in foreign exchange and excludes commitment fee, prepayment fee, fees payable in Indian exchange and withholding tax)	
Security	Any. However, creation of charge over immovable properties and financial securities is subject to FEMA Notifications	
ECB Proceeds	To be parked overseas until actual requirement in India	
Debt Servicing	ADs can make remittances for principal, interest and other charges	
Refinance of Existing ECBs	Permitted if fresh ECB is at lower cost and outstanding maturity is not changed	
Monitoring	Borrower and AD	
Conversion to Equity	Permissible, except import payables, subject to foreign investment and SEBI pricing norms	

ADMINISTRATIVE ARRANGEMENT

Under the automatic route, a borrower enters into a loan agreement with the overseas lender for raising ECB in compliance with the ECB Guidelines framed by Government and regulations/ circulars/directions issued by RBI in this regard. It reports the loan agreement details in a prescribed format (Form 83) in duplicate within 7 days of signing loan agreement to the designated AD, which forwards one copy to RBI for allotment of loan registration number. On receipt of the registration number, it can draw down the loan. If any violation is noticed at a later stage on scrutiny of the loan agreement, RBI takes appropriate action under the FEMA.

Under the approval route, the prospective borrower submits an application in prescribed format (Form ECB) through designated AD to RBI. An Empowered Committee set up by RBI considers these applications. The requests for ECB are approved within an overall ceiling consistent with external debt management policy keeping in view the balance of payments position and the level of foreign exchange reserve of the country. After approval, the procedure is same as for the automatic route.

ECB proceeds are parked outside until actual requirement. During this period, it can be invested in the liquid assets: (a) Deposits or Certificates of Deposits or other products offered by Banks rated not less than AA(-) by Standard and Poor / Fitch IBCA or Aa3 by Moody's; (b) Deposits with overseas branch of an AD in India or (c) Treasury Bills and other monetary instruments of one year maturity having the aforesaid minimum rating. It should be so invested that the investments can be liquidated as and when funds are required by the borrower in India.

The ECB can be converted into equity subject to: (a) the activity of the company is covered under the automatic route for FDI or Government approval for foreign equity in the company has been obtained; (b) the foreign equity after such conversion is within the sectoral cap; and (c) pricing of shares is as per SEBI/ erstwhile CCI Guidelines/Regulations in case of listed/unlisted companies.

It is the primary responsibility of the borrower to ensure that the ECB is raised and utilized in conformity with the ECB guidelines and RBI regulations and directions. Any contravention of the ECB Guidelines invites penal action. The designated AD is also required to ensure that raising and utilization of ECB is in compliance with ECB Guidelines at the time of certification. All borrowers are required to report actual transactions in prescribed format (ECB-2), certified by the designated AD, to RBI on a monthly basis. In the interest of transparency, RBI puts the details such as name of the borrower, amount, purpose and maturity of ECBs raised under both automatic and approval route on its web site on a monthly basis.

PENAL FRAMEWORK

Section 13 of the FEMA provides that if any person contravenes any provision of the FEMA, or contravenes any Rule, Regulation, Notification, Direction, or Order issued in exercise of the powers under the Act shall, upon adjudication, be liable to pay a penalty up to thrice the sum involved in such contravention where such amount is quantifiable, or up to Rs. 2 lakh where the amount is not quantifiable. If such contravention is a continuing one, a further penalty up to Rs. 5,000 may be imposed for every day during which the contravention continues. In addition to the penalty, the adjudicating authority may direct confiscation of any currency, security or any other money or property in respect of which the contravention has taken place. If a person fails to make full payment of penalty within a period of 90 days from the date of notice for payment of such penalty, he shall be liable to civil imprisonment. The contravention may, however, be compounded on application made by the person committing such contravention.

For the purpose of adjudication under section 13, Central Government appoints officers, by an Order, as adjudicating authorities for holding enquiry in the prescribed manner and after giving a reasonable opportunity of hearing. Any person aggrieved by an order made by the adjudicating authority may prefer an appeal to the Special Director (Appeals). Further appeals can be preferred before the Appellate Tribunal.

Since the ECB is governed under the FEMA Regulations, the general penal framework prescribed in section 13 of the FEMA is applicable to non-compliance with FEMA Regulations which provide for the ECB framework.

LEGAL CLARITY

Government has laid down the ECB policy framework through its Guidelines on ECB Policies and Procedure. It conveys changes in policy and procedure relating to ECB through Press Releases. These generally indicate that the changes in policy would come into force from the date of notification of regulations / directions issued by RBI in this regard. The changes take immediate effect at times. The policy is, however, incorporated in the Guidelines after a substantial time lag. The latest set of Guidelines were issued in August 2005, while the immediate preceding one was issued in July 1999. RBI issues circulars after some time lag to give effect to changes in policy conveyed by Government through Press Releases. The circulars, however, come into force with immediate effect. These generally indicate that the related regulations are being amended. These amendments, however, happen with substantial time lag. The latest set of amendments were effected on 30th August 2007, while the immediate preceding one was effected on 6th December 2005. RBI brings up a Master Circular every year consolidating the policy, procedure and instructions at one place. Thus, the users have to keep track of Press Releases, Guidelines, Regulations, Circulars, Master Circular, and Instructions issued by RBI and the FEMA to have the complete ECB framework. Since these instruments are issued with different frequency, the provisions in one instrument are likely to be different from those in another at a given point in time. It is, therefore, difficult to ascertain the exact law at a point in time.

The provisions in these instruments are at times not consistent with one another. For example, according to Press Releases and Guidelines, all cases, which fall outside the purview of the automatic route, would be decided by an empowered committee of RBI. In contrast, Part I (B) of the Master Circular has listed a few categories of borrowers under the approval route. It further states that all cases seeking ECB for an amount or maturity not covered by automatic route would be considered under the approval route. The Guidelines provide that ECB beyond US$ 500 million will be considered under the approval route. However, the Master Circular provides that requests for an additional amount up to US$ 250 million over and above US$ 500 million under automatic route will be considered under the approval route. This means that ECB beyond US$ 750 million is prohibited.

Some of the instruments lack mathematical clarity. For example, I(A) Part I of the Master Circular, which deals with automatic route, authorizes the AD to allow prepayment up to US$ 400 million without RBI approval. I(B) of Part I, which deals with approval route, also authorizes the AD to allow prepayment up to US$ 400 million without RBI approval. It further states that prepayment in excess of US$ 400 million would be considered by RBI under the approval route. It is not clear if prepayment beyond US$ 400 million in respect of ECB raised under the automatic route is feasible and if so, does it require RBI approval. Similarly, the provisions in respect of amount under approval route provide that corporates can avail of ECB of an additional amount of US$ 250 million over and above US$ 500 million under automatic route. However, the provisions in respect of eligible borrowers under approval route provide that cases falling outside the purview of the amount under automatic route are eligible under approval route. These two sets of provisions do not seem consistent.

The Master Circular states that the borrower shall ensure that the ECB raised/utilised are in conformity with the ECB Guidelines and the RBI regulations/directions. Any contravention of the ECB guidelines will be viewed seriously and will invite penal action under FEMA 1999. Thus, it is not clear what – RBI Instructions, Notifications/Circulars/ Regulations/Directions by RBI, ECB Guidelines, or Press Releases by Government/RBI – constitutes the law and needs to be complied with. Besides, the legal validity of instruments such as Guidelines and Press Releases is doubtful. It is doubtful if the provisions in circular can be enforced if these are yet to be incorporated in the Regulations. Besides, the users do not know which violation/non-compliance would attract penal action, what kind of penal action and the defences available to them. They know that any violation can attract penalty under section 13 of the FEMA, which treats all kinds of violations – ECB related or non-ECB related – as well as the different kinds of ECB related violations uniformly.

The approval or rejection of a request for ECB is not generally disposed of by a reasoned order. If a request is not considered favourably under the approval route, the reason for denial of ECB needs to be conveyed to the prospective borrower through a reasoned order passed after a reasonable opportunity of hearing. Such borrower should have an opportunity to appeal against the order before an independent authority. All orders of denial of ECB and the orders on disposal of appeals should be available on the web sites. This ensures accountability and autonomy of administering authority, transparency of the decision making process, and credibility of the system.

LIMITS ON ECB

The legal framework allows a select set of borrowers to raise ECB on their own in compliance with the prescribed norms, while others need specific approval from the authorities, subject to an overall ceiling. The rationale for this kind of approach in a liberalised environment is not clear. If the benefits from ECB do not exceed the costs, it may not be allowed at all. If, however, benefits exceed costs, it must be allowed freely. Or, ECB may be allowed only for those purposes where the benefits exceed the costs. Hence it is necessary to make firm estimates of benefits and costs, both private and public, identify the uses/sectors where total social benefits exceed total social costs and allow ECB only for such purposes/sectors. It may so happen that the total social benefits exceed the total social costs, but the benefits mostly accrue to the borrower while the costs are suffered by the society. In such cases, the borrower should be required to pay a fee for raising ECB. In fact, it is desirable to levy a standard percentage fee on every ECB – automatic or approval route – towards sterilization cost to be borne by the economy. In the alternative, the standard remedy to deal with any shortage situation could be used, i.e. the available ECB limit may be auctioned to the highest bidders.

The ECB is available only for investment in real sector. This excludes the largest sector of the economy namely the service sector which contributes more than 50% of the GNP. The service sector has been the main driver of the growth of the economy during the last decade. It may not be advisable to restrict flow of resources to this critical sector. Similarly, there is scope for relaxing the sources of ECB and end uses of ECB. If the cost of sterilization is borne by the borrower, only one consideration namely, the general macroeconomic stability should govern the ECB inflow/outflow.

DATA AVAILABILITY

In the interests of transparency, the details of ECB raised such as the name of the borrower, amount, purpose and maturity of ECB under both automatic route and approval route are put on the RBI website on a monthly basis with a lag of one month. Any meaningful analysis of ECB data is not possible, as detailed macro data are not available in the public domain. It is necessary to disseminate aggregated data relating to ECB to promote policy and research on ECB and evaluate the efficacy of changes in policy. Annexure 1 presents a tabular form, which the authorities may use to capture and disseminate sector-wise, borrower-wise, lender-wise, distribution of ECB, extent of default, etc.

Annexure 1

DATA TO BE DISSEMINATED FOR TRANSPARENCY, POLICY FORMULATION AND RESEARCH

Table 1A: ECB Inflows/Outflows

In US $ million

Year	Inflows		Outflow			
	Automatic Route	Approval Route	Principal	Interest	Net Inflow	Outstanding at the end of period
1	2	3	4	5	6 = (2 + 3 - 4)	7
1998-99						
1999-00						
2000-01						
2001-02						
2002-03						
2003-04						
2004-05						
2005-06						
2006-07						
2007-08						

TABLE 1B : ECB INFLOWS / OUTFLOWS

In INR crore

Year	Inflows		Outflow			
	Automatic Route	Approval Route	Principal	Interest	Net Inflow	Outstanding at the end of period
1	2	3	4	5	6 = (2 + 3 - 4)	7
1998-99						
1999-00						
2000-01						
2001-02						
2002-03						
2003-04						
2004-05						
2005-06						
2006-07						
2007-08						

Table 2 : Cost-wise Distribution of ECB Inflows

(%)

Cost of Borrowing (%)	Automatic Route					Approval Route				
	2003-04	2004-05	2005-06	2006-07	2007-08	2003-04	2004-05	2005-06	2006-07	2007-08
Below LIBOR										
At LIBOR										
>LIBOR to ≤ LIBOR + 100 bps										
> LIBOR+100 bps to ≤ LIBOR+200 bps										

>LIBOR+200 bps										
Total	100	100	100	100	100	100	100	100	100	100

Table 3 : Maturity-wise Distribution of ECB Inflows (%)

Maturity in Years	Automatic Route					Approval Route				
	2003-04	2004-05	2005-06	2006-07	2007-08	2003-04	2004-05	2005-06	2006-07	2007-08
3 - ≤5										
>5 - ≤7										
>7 - ≤10										
>10										
Total	100	100	100	100	100	100	100	100	100	100

Table 4 : Source-wise Distribution of ECB Inflows (%)

Source	Automatic Route					Approval Route				
	2003-04	2004-05	2005-06	2006-07	2007-08	2003-04	2004-05	2005-06	2006-07	2007-08
Multilateral Institutions										
Banks & FIs										
Joint Venture Partner/ Collaborator										
Bond Issues										
.....										
Others										
Total	100	100	100	100	100	100	100	100	100	100

Table 5: Currency-wise Distribution of ECB Inflows (%)

Currency	Automatic Route					Approval Route				
	2003-04	2004-05	2005-06	2006-07	2007-08	2003-04	2004-05	2005-06	2006-07	2007-08
Euro										
Pound										
US Dollar										
Yen										
Others										
Total	100	100	100	100	100	100	100	100	100	100

Table 6: End Use-wise Distribution of ECB Inflows (%)

End-Use	Automatic Route					Approval Route				
	2003-04	2004-05	2005-06	2006-07	2007-08	2003-04	2004-05	2005-06	2006-07	2007-08
Import of Capital Goods										
Infrastructure Financing										
Refinancing of ECBs										
....										
Others										
Total	100	100	100	100	100	100	100	100	100	100

Table 7: Sector -wise Distribution of ECB Inflows

(%)

Sector	Automatic Route					Approval Route				
	2003-04	2004-05	2005-06	2006-07	2007-08	2003-04	2004-05	2005-06	2006-07	2007-08
Public Sector										
Private Sector										
Joint Sector										
Total	100	100	100	100	100	100	100	100	100	100

Table 8: Default in Repayment of ECB at the end of March 2008

In respect of Payment due in	Default Amount (US $ Million)		
	Principal	Interest	Total
Before March 2003			
2003-04			
2004-05			
2005-06			
2006-07			
2007-08			
Total			

Table 9: Repayment Schedule as on 31st March 2008

Due in respect contracted ECB	Amount Payable (US $ Million)		
	Principal	Interest	Total
2008-09			
2009-10			
2010-11			
2011-12			
2012-13			
Beyond 2013			
Total			

Table 10: Hedging Positions at the end of March 2008

(In US $ million)

In respect ECB availed in	Outstanding Amount (Principal and Interest)	Value of Currency Hedged Position
Before March 2003		
2003-04		
2004-05		
2005-06		
2006-07		
2007-08		
Total		

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