

FEMA(Foreign Exchange Management Act)

External Commercial Borrowings (ECB)

1. Enhancement of ceiling for Rupee expenditure

The existing limit of USD 100 million has been raised to USD 500 million per financial year for the borrowers in the infrastructure sector for rupee expenditure under the Approval Route. ECB's in excess of USD 100 million for Rupee expenditure should have a minimum average maturity period of 7 years.

2. Changes in all-in-cost ceilings

The all-in-cost ceilings in respect of ECB's have been modified as follows:

Average Maturity Period	All-in-cost ceilings over 6 months LIBOR*	
	Existing	Revised
Three years and up to Five years	200 basis points	200 basis points (No Change)
More than Five years and up to Seven years	350 basis points	350 basis points (No Change)
More than Seven years	350 basis points	450 basis points (Increase)
* for the respective currency of borrowing or applicable benchmark		

3. Enlargement of definition of "Infrastructure Sector"

The ECB policy has been reviewed to enlarge the definition of 'Infrastructure sector' with the inclusion of mining, exploration and refining. Accordingly 'Infrastructure sector' would henceforth be defined as (i) power, (ii) telecommunication, (iii) railways, (iv) road including bridges, (v) sea port and airport (vi) industrial parks, (vii) urban infrastructure (water supply, sanitation and sewage projects) and (viii) mining, exploration and refining.