

What's New

News Flash



September 2013

External Commercial Borrowing ('ECB') – Clarity on definition of Infrastructure sector

Entities in Infrastructure Sector (as defined in the ECB Policy in the context of eligible end-use) are permitted to avail of ECB.

Hitherto, Infrastructure sector was defined as Power, Telecommunication, Railways, Road including Bridges, Sea Port and Airport, Industrial Parks, Urban Infrastructure (water supply, sanitation and sewage projects), Mining, Exploration and Refining, Cold storage or cold room facility, including for farm level pre-cooling, for preservation or storage of agriculture and allied produce, marine products and meat.

The Reserve Bank of India has now amended the aforesaid definition of infrastructure sector to clarify and expand the definition of Infrastructure Sector as under:

Old Term	New Term	Sector would Include
Power	Energy	<ul style="list-style-type: none">● Electricity generation, electricity transmission, electricity distribution● Oil pipelines and gas pipelines (includes city gas distribution network)● Oil/gas/liquefied natural gas, storage facility (includes strategic storage of crude oil)
Telecommunication	Communication	<ul style="list-style-type: none">● Mobile telephony services / companies providing cellular services,● Fixed network telecommunication (includes optic fibre / cable networks which provide broadband / internet)● Telecommunication towers
Road including		<ul style="list-style-type: none">● Railways (railway track, tunnel, viaduct, bridges and

bridges, Seas Port and Airport	Transport	<p>includes supporting terminal infrastructure such as loading / unloading terminals, stations and buildings)</p> <ul style="list-style-type: none"> ● Roads and bridges ● Ports and inland waterways ● Airport ● Urban public transport (except rolling stock in case of urban road transport)
Water and sanitation		<ul style="list-style-type: none"> ● Water supply pipelines ● Solid waste management, water treatment plants, sewage projects (sewage collection, treatment and disposal system) ● Irrigation (dams, channels, embankments, etc.) and storm water drainage system

Further, the definition of Infrastructure Sector has been widened to include social and commercial infrastructure which would include the following:

- Hospitals (capital stock and includes medical colleges and para-medical training institutes)
- Hotel Sector which will include hotels with fixed capital investment of INR 200 crore and above, convention centres with fixed capital investment of INR 300 crore and above and three-star or higher category classified hotels located outside cities with population of more than 1 million (fixed capital investment to exclude land value)
- Common infrastructure for industrial parks, SEZs, and Tourism facilities
- Fertilizer (capital investment)
- Post harvest storage infrastructure for agriculture and horticulture produce including cold storage
- Soil testing laboratories

The RBI would be issuing a circular addressed to AD Banks on the above shortly.

Source: FEMA Notification No.281 dated July 19, 2013 with effect from September 12, 2013 (date of publication in the Official Gazette)

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