

## Banks get level-playing field in ECB refinance

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The Reserve Bank of India (RBI) has permitted overseas branches and

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subsidiaries of Indian banks to refinance the existing external commercial borrowings (ECBs), giving them a level-playing field vis-à-vis their global counterparts.

They can refinance ECBs of AAA-rated companies as well as Navratna and Maharatna public sector undertakings, by raising fresh ECBs, the RBI said in a statement on developmental and regulatory policies.

"The decision in allowing subsidiaries of Indian banks abroad to refinance AAA-rated corporates will provide a fair and just opportunity to Indian banks to book and retain good quality assets," State Bank of India Chairman Rajnish Kumar said.

Currently, Indian corporates are permitted to refinance their existing ECBs at a lower all-in-cost. The overseas branches/subsidiaries of Indian banks are, however, not permitted to extend such refinance.

In order to provide a level-playing field, it has been decided, in consultation with the government, to permit the overseas branches/subsidiaries of Indian banks to refinance ECBs. The revised guidelines will be issued within a week, the central bank said.