

Update



RBI amends definition of Infrastructure Sector under ECB Policy- takes into account Harmonised Master List of Infrastructure

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Background

In order to avoid confusions and difficulties, and to guide all agencies supporting infrastructure in various ways, Cabinet Committee on Infrastructure at their meeting held on 1st March, 2012 had identified a harmonized list of infrastructure sub-sectors and had constituted an Institutional Mechanism for updation of the same. This Harmonized Master List (**the List**) of 29 infrastructure sub-sectors was notified by the Government of India on 27th March, 2012 and was subsequently updated vide its Gazette Notifications dated April 5, 2013 and May 9, 2013.

Taking into account the List, RBI made necessary amendments to FEMA (Borrowing or Lending in Foreign Exchange) Regulations, 2000 vide [Notification No. FEMA 281/2013-RB dated July 19, 2013](#) notified vide G.S.R. No. 627(E) dated September 12, 2013.

Present Circular

RBI vide RBI/2013-14/270 A.P. (DIR Series) Circular No. 48 dated September 18, 2013¹ expanded the existing definition for infrastructure sector for the purpose of availing ECB.

The earlier definition of infrastructure sector for the purpose availing ECB included - (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), (viii) mining, exploration and refining, (ix) cold storage or cold room facility, including farm level pre-cooling, for preservation or storage of agricultural and allied produce, marine products and meat.

Expanded Definition

Sr. No	Category	Infrastructure sub-sectors
a.	Energy	<ul style="list-style-type: none">i. Electricity Generationii. Electricity Transmissioniii. Electricity Distributioniv. Oil pipelinesv. Oil/Gas/Liquefied Natural Gas (LNG) storage facility (includes strategic storage of crude oil)vi. Gas pipelines (Includes city gas distribution network)

¹ <http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8434&Mode=0>



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b.	Communication	<ul style="list-style-type: none"> i. mobile telephony services / companies providing cellular services ii. fixed network telecommunication (includes optic fibre / cable networks which provide broadband / internet) iii. Telecommunication towers
c.	Transport	<ul style="list-style-type: none"> i railways (railway track, tunnel, viaduct, bridges and includes supporting terminal infrastructure such as loading / unloading terminals, stations and buildings), ii roads and bridges, iii ports, iv inland waterways, v airport and vi urban public transport (except rolling stock in case of urban road transport)
d.	Water Sanitation &	<ul style="list-style-type: none"> i water supply pipelines, ii solid waste management, iii water treatment plants, iv sewage projects (sewage collection, treatment and disposal system), v irrigation (dams, channels, embankments, etc.) and vi storm water drainage system;
e.		<ul style="list-style-type: none"> i mining, ii exploration and iii refining
f.	Social and Commercial Infrastructure	<ul style="list-style-type: none"> i hospitals (capital stock and includes medical colleges and para medical training institutes), ii Hotel Sector which will include hotels with fixed capital investment of Rs. 200 crore and above, convention centres with fixed capital investment of Rs. 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 is excluding of land value), iii common infrastructure for industrial parks, SEZs, tourism facilities, iv fertilizer (capital investment), v post harvest storage infrastructure for agriculture and horticulture produce including cold storage,



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		vi soil testing laboratories and vii cold chain (includes cold room facility for farm level pre-cooling, for preservation or storage or agriculture and allied produce, marine products and meat
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Our Analysis

On comparing the earlier definition of infrastructure with the amended one, it is evident that the scope of the new definition of infrastructure has been widened. For example, earlier the definition included power, but the new definition includes various sub-sectors under Energy. RBI had already amended the definition of 'infrastructure lending' for the purpose of financing of infrastructure by the banks and Financial Institutions pursuant to which credit facility extended by lenders (i.e. banks and select AIFIs) to a borrower for exposure in the specified infrastructure sub-sectors will qualify as 'infrastructure lending'.

On similar lines, amendment by RBI of ECB policy was awaited. NBFC IFC, AFC can avail of ECB for on-lending to the infrastructure sector. The Companies in infrastructure sector can avail of ECB for Refinancing of Bridge Finance (including buyers' / suppliers' credit) availed of for import of capital goods. Thus, this amendment of infrastructure sector has opened avenues for funding projects of various infrastructure sub-sectors by way of ECB.

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