

# ECBs hit a six-year high amid weak rupee, rising global interest rates

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Indian companies' fundraising through the external commercial borrowings (ECBs) route has hit a six-year high in the first 10 months of FY25, driven largely by NBFCs borrowing

## DATA FOCUS.

overseas. Volatility in the rupee and elevated interest rates in the US and Europe are likely to hit these borrowers going ahead.

Per RBI data, 1,112 companies made ECB registrations worth \$47.3 billion in FY25 (April 2024-Jan 2025), registering a 21 per cent jump from the same 10-month period in FY24.

Previously ECBs hit the highest in FY20 (April 2019-Jan 2020) at \$41.3 billion.

The surge in ECBs has come at a time when the rupee has been very volatile, hitting a low of 87.5 against the dollar in February.

It is still down 2.7 per cent over the past year.

The rupee depreciation will increase the repayment value of the loans in dollar terms.

Global central banks deciding to pause their rate-cuts is also a negative for ECB borrowers as it increases the interest costs for refinanced and fresh loans.

## TIGHT LIQUIDITY

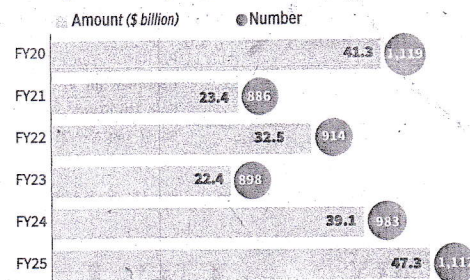
But NBFCs and companies have been forced to resort to overseas borrowing due to tight liquidity conditions in domestic market and RBI guidelines reducing bank lending to NBFCs.

A closer look at the borrower category of the ECBs shows that share of NBFCs in total ECB registrations hit 44 per cent at \$21 billion in FY25 compared to 25 per cent share in FY24.

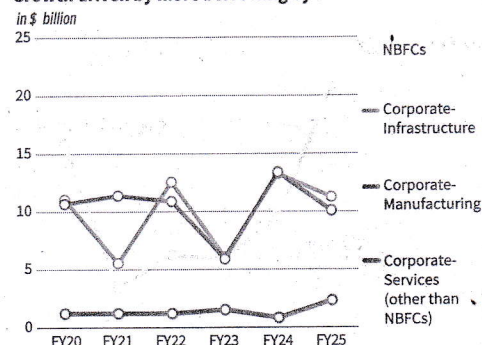
The value of ECB intents registered by NBFCs also grew 115 per cent year-on-year from the 10-month

## Borrowing overseas

ECB registrations by corporates hit 6-year high



## Growth driven by more borrowing by NBFCs



Source: RBI

All years April-Jan has been considered

period in FY24 to FY25.

The ECB intents filed by 'Corporate-Service sector' almost tripled from \$0.9 billion in FY24 to \$2.5 billion in FY25.

The ECB registrations by 'Manufacturing' and 'Infrastructure' sectors saw a marginal dip from FY24 to FY25.

Analysis of the purposes for which ECB approvals were filed in the recent months showed that manufacturing enterprises are borrowing for purposes such as 'import of capital goods', 'new projects' and others, service enterprises (other than NBFCs) are borrowing for refinancing rupee loans and other working capital/general business purposes, and NBFCs borrow for on-lending or sub-lending.

Vivek Iyer, Partner and Financial Services Risk Leader, Grant Thornton Bharat, noted that borrow-

ings by NBFCs from the bank channel has been muted due to higher risk weights.

"Even though the roll-back has happened of late, the weight of the earlier capital charge resulted in NBFCs opting for foreign currency borrowings which on a net basis worked out cheaper," he added.

In case of corporates other than NBFCs, he said ECBs don't necessarily need to fund capex alone but are also borrowed for regular business purposes.

Export-Import Bank of India, which applied for approval for a \$1 billion ECB for on-lending, was the highest borrower in January 2025.

Firms that filed ECB intents with the RBI in December 2024 include Reliance Industries for \$2.9 billion and Indian Oil Corporation's \$530 million ECB, both for refinancing old ECBs.