



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi
Website : www.rbi.org.in
ई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, S.B.S.Marg, Fort, Mumbai-400001
फोन/Phone: 022- 22660502



January 21, 2022

**RBI Working Paper No. 03/2022: India's External Commercial Borrowings:
Determinants and Optimal Hedge Ratio**

Today the Reserve Bank of India placed on its website a Working Paper* titled "[India's External Commercial Borrowings: Determinants and Optimal Hedge Ratio](#)". The Paper is authored by Ranjeev.

This paper examines the determinants of External Commercial Borrowings (ECBs) raised by firms in India and identifies an optimal hedge ratio for the ECBs portfolio. It finds that depreciation of the Indian rupee has an adverse impact on the issuance of ECBs in the short as well as long run. The optimal hedge ratio for the ECBs portfolio is estimated at 63 per cent for the periods of high volatility in the forex market.

Press Release: 2021-2022/1583

(Yogesh Dayal)
Chief General Manager

* The Reserve Bank of India (RBI) introduced the RBI Working Papers series in March 2011. These papers present research in progress of the staff members of the RBI and at times also those of external co-authors when the research is jointly undertaken. They are disseminated to elicit comments and further debate. The views expressed in these papers are those of the authors and not necessarily those of the institution(s) to which they belong. Comments and observations may please be forwarded to the authors. Citation and use of such papers should take into account its provisional character.