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RBI Advances Closure of FCNR(B) Swap Facility After $56.85 Billion in Inflows

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RBI Advances Closure of FCNR(B) Swap Facility After $56.85 Billion in Inflows

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Every fact web-verified against primary sources

> *The* **Reserve Bank of India (RBI)** *will now accept deposits into its special* **FCNR(B) forex swap facility** *only up to* **August 31, 2026**, *moved up from the originally announced* **September 30, 2026** *closing date, after the scheme mobilised* **$56.85 billion** *in total inflows as of* **August 13, 2026**.

What Happened

For background, the facility was announced **June 5, 2026** and operationalised **June 8, 2026**, allowing banks to swap **Foreign Currency Non-Resident (Bank) [FCNR(B)]** deposits with the RBI on concessional terms. Of the total $56.85 billion mobilised, **FCNR(B) deposits alone accounted for $52.30 billion**. The swap execution deadline for deposits placed before the new cut-off is set at **September 11, 2026**. A parallel window for **External Commercial Borrowings (ECBs)** and Overseas Foreign Currency Borrowings **(OFCBs)** remains unaffected, staying open until **December 31, 2026**.

Why This Matters

FCNR(B) deposits let Non-Resident Indians hold foreign-currency term deposits with Indian banks; the RBI's swap facility incentivised banks to route these deposits into swaps with the central bank, directly boosting India's forex reserves without an interest-rate hike. Advancing the closure date, after mobilising more than half its likely intended inflow within weeks, signals the RBI judged its reserve-building objective substantially met earlier than planned.

UPSC Relevance

This is a case study in unconventional monetary and forex-reserve management tools available to a central bank beyond interest-rate policy. A useful Mains angle is comparing swap-facility-based reserve accretion with traditional tools like open-market operations or repo-rate changes, and evaluating what an early, voluntary facility closure signals about a central bank's read of near-term external-sector conditions.

📌 FACTS CORNER, KNOWLEDGEPEDIA

FCNR(B) SWAP FACILITY, 2026:

Background: announced June 5, 2026; operationalised June 8, 2026

New deposit cut-off: August 31, 2026 (advanced from September 30, 2026)

Swap execution deadline: September 11, 2026

Total inflows mobilised (as of Aug 13, 2026): $56.85 billion, of which FCNR(B) deposits: $52.30 billion

Parallel ECB/OFCB swap window: unaffected, open till December 31, 2026

OTHER RELEVANT FACTS:

FCNR(B): Foreign Currency Non-Resident (Bank) deposit scheme for NRIs

Sources: Business Standard, Reserve Bank of India

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