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RBI Swap Window Mobilises USD 73 Billion; FCNR(B) Closure Advanced to August 31

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> *On* **August 24, 2026**, *the Government announced that the* **RBI's special USD-INR swap facility**, *launched in 2026, on* **June 8, 2026**, *had mobilised* **USD 73 billion** *in foreign exchange inflows* **as on August 21, 2026**. *Because the objective was met ahead of schedule, the* **FCNR(B) window closes on August 31 instead of September 30**.

WHAT THE FACILITY IS

The facility covers three instruments:

INSTRUMENT	WHAT IT IS
FCNR(B)	Foreign Currency Non-Resident (Bank) term deposits held by NRIs, **denominated in foreign currency**
OFCB	Overseas Foreign Currency Borrowings by banks
ECB	External Commercial Borrowings, foreign-currency commercial loans by eligible Indian entities, regulated by the RBI under **FEMA, 1999**

The mechanism is the point. In an **FCNR(B)** deposit the depositor holds a foreign-currency claim, so the **depositor bears no rupee exchange risk**. A swap facility means the RBI offers banks concessional forward cover to convert those dollars into rupees, **subsidising the hedging cost** to attract the inflow. The exchange risk does not disappear; it moves onto the central bank's balance sheet.

THE NUMBERS

MEASURE	FIGURE
Total inflows as on August 21, 2026	**USD 73 billion**
Of which FCNR(B) deposits	**USD 65.40 billion**
Facility launched	Launched in 2026, on **June 8, 2026**
FCNR(B) window closure	Advanced from **September 30** to **August 31, 2026**
Comparison: the 2013 FCNR(B) swap	about **USD 26 billion** over roughly three months

Two cautions on these figures. The USD 73 billion is an **interim number as on August 21**, not a final total, since the window still had days to run. And the announcement is written in promotional register. Use the numbers; leave the adjectives.

WHY 2013 IS THE RIGHT COMPARISON

The **2013 FCNR(B) swap** was run during the "taper tantrum", when the rupee came under acute pressure as US monetary policy turned. It raised about **USD 26 billion in roughly three months** and is remembered as a successful emergency mobilisation.

That is exactly why the comparison cuts both ways. These are **crisis instruments**. Reaching for one is a statement about external vulnerability, not only about diaspora confidence.

CRITICAL ANALYSIS

Speed has a deferred price. FCNR(B) swaps build reserves quickly and cheaply in the moment, but they create a **dated foreign-currency liability with a concentrated redemption cliff**. The 2013 round produced precisely such maturity bunching, and managing the redemption became its own exercise. A larger mobilisation compresses a larger repayment into a narrower window.

The risk is transferred, not removed. The concessional forward cover is a subsidy, and the counterparty absorbing the exchange risk is the RBI. If the rupee moves adversely before maturity, that cost sits on the central bank.

"Diaspora confidence" framing obscures the pricing. These deposits are not donations. They are attracted by a rate advantage plus subsidised hedging, which is to say they are **bought**. The relevant question is what the all-in cost per dollar of reserves was, compared with the alternatives.

Closing early is a genuine signal. Advancing the window by a month, having exceeded the target, is the strongest evidence that the objective was reserve accumulation rather than open-ended capital attraction, and it limits the size of the future redemption cliff. That is a defensible piece of sequencing and worth saying so.

UPSC RELEVANCE

GS Paper 3 (Indian Economy): Mobilisation of resources; the external sector; balance of payments; capital account management and exchange-rate policy.

Prelims focus: what FCNR(B) means and who bears the exchange risk; ECB regulation under FEMA, 1999; the 2013 swap and its approximate size; the launch and closure dates.

Mains angle: Argue the trade-off between **speed of reserve accumulation and deferred cost**. A strong answer distinguishes an FCNR(B) swap from ordinary NRI deposits, identifies the maturity-bunching problem from the 2013 precedent, and asks whether early closure was designed to contain exactly that.

Way forward: Stagger maturities deliberately so redemption does not concentrate; publish the all-in subsidy cost per dollar mobilised so the instrument can be evaluated against alternatives; and treat the facility as what it is, a contingency tool, rather than a recurring source of external financing.

FACTS CORNER — KNOWLEDGEPEDIA

THE FACILITY:

- Special USD-INR swap facility launched in 2026, on June 8, 2026, covering FCNR(B), OFCB and ECB
- Inflows USD 73 billion as on August 21, 2026, of which USD 65.40 billion was FCNR(B)
- FCNR(B) window closure advanced from September 30 to August 31, 2026
- Announced by the Ministry of Finance via PIB on August 24, 2026

THE INSTRUMENTS:

- FCNR(B) = Foreign Currency Non-Resident (Bank), a foreign-currency-denominated NRI term deposit; the depositor bears no rupee exchange risk
- ECB = External Commercial Borrowing, regulated by the RBI under FEMA, 1999
- A swap facility gives banks concessional forward cover, subsidising hedging cost and moving exchange risk to the RBI

THE PRECEDENT:

- The 2013 FCNR(B) swap, during the taper tantrum, raised about USD 26 billion in roughly three months
- Its known drawback was maturity bunching at redemption

WATCH THE TRAP: AN FCNR(B) DEPOSIT IS NOT AN ORDINARY NRE OR NRO RUPEE DEPOSIT. NRE AND NRO ACCOUNTS ARE RUPEE-DENOMINATED AND THE DEPOSITOR CARRIES THE EXCHANGE RISK; FCNR(B) IS FOREIGN-CURRENCY DENOMINATED AND THE DEPOSITOR DOES NOT.

Sources: PIB, RBI

Source: RBI Swap Window Mobilises USD 73 Billion; FCNR(B) Closure Advanced to August 31 — Ujiyari.com | Free UPSC & State PCS Current Affairs

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