Special Forex Swap Facility

Prelims: *Current events of national and international importance | Economy*

Why in news?

RBI said its special US dollar-Indian rupee (USD-INR) forex swap facility has received forex inflows of over 143.5 billion US dollars till September 18, 2026.

- **Special Forex Swap Facility** – It was introduced by the RBI to boost the inflow of dollars amid a weakening rupee.
- It covers
    - Foreign Currency Non-Resident (Bank) FCNR(B) deposits,
    - External Commercial Borrowings (ECBs),
    - Overseas Foreign Currency Borrowings (OFCBs).
- **Reason to launch this facility** – To increase foreign exchange inflows, support the rupee during a period of pressure and strengthen India's external-sector position.
- **Composition of Inflows** – According to the latest data, FCNR-B deposits accounted for the overwhelming majority, amounting to 132.98 billion US dollars; OFCBs brought in 5.32 billion US dollars, and ECBs contributed 5.29 billion US dollars.
- **Benefits for banks** – It provides banks with a stable source of medium-term foreign currency funding at a time when lenders have been facing elevated credit-deposit ratios.

Note:

- **FCNR(B) Deposits** – It is the foreign currency deposits maintained by Non-Resident Indians (NRIs) with Indian banks, and the depositors are protected from exchange-rate risk because deposits are held in foreign currency.
- **ECBs** – These are the loans raised by eligible Indian entities from foreign lenders, & it is used to access international capital at potentially lower costs.
- **OFCBs** – The foreign-currency borrowings raised by banks or institutions from overseas sources.

References

1. AIR | RBI Receives Over $143.5 Billion Through Special Forex Swap Facility
2. The Hindu | FCNR(B) $133bn windfall