

## **Swap Facility for FCNR (B) deposits, External Commercial Borrowings and Overseas Foreign Currency Borrowings**

- 1. Can an Indian Bank extend loans, or issue SBLC, against FCNR(B) deposit placed with that particular Indian Bank?**

Yes. Indian banks (including their overseas branches) are permitted to extend loans to a non-resident, or issue a SBLC in favour of overseas lenders, against FCNR(B) deposits mobilised in terms of [Circular dated June 8, 2026](#), on 'Swap Facility for FCNR (B) Deposits'. This is without prejudice to normal lending or issuance of SBLC by AD Banks on secured or unsecured basis.

- 2. Can a bank offer loan overseas to the account holder and can the lending institution mark lien on such deposits?**

Banks are permitted to extend loans to the FCNR (B) account holders and mark lien on such deposits.

- 3. While swapping amount with RBI, is bank allowed to hedge interest component of FCNR (B) deposits along with the principal?**

Reserve Bank of India will be providing a Forex Swap for the deposit received. The facility is a plain buy/sell foreign exchange swap from the RBI side covering only the principal amount of the deposits and not the interest component.

- 4. Can a bank enter into a swap with RBI if the original tenor of the fresh FCNR (B) deposits mobilized is more than three years but at the time of availing of the swap facility with RBI, the residual maturity is less than three years?**

The bank will be allowed to undertake swaps for tenors of less than three years provided they have mobilised fresh eligible FCNR (B) deposits for minimum original tenor of three years as per the scheme.

- 5. Whether banks may offer differential rate of interest as stipulated in Para 32(2) of the Commercial Banks – Interest Rate on Deposits Directions, 2025 which stipulates that interest rates on term deposits under the FCNR (B) Scheme shall vary only on account of one or more of the following factors - (i) Tenor of deposits and (ii) Size of deposits?**

Yes. The interest rates on deposits, including where differential rates of interest are offered, shall be subject to compliance with paragraph 32(2) of the [Reserve Bank \(Commercial Banks – Interest Rate on Deposits\) Directions, 2025](#).

**6. Whether bank may continue to offer regular FCNR (B) deposits, without availing Swap facility, for customer deposits with a tenor of 3 years and above upto 5 years, without the requirement of a minimum lock-in period of one year?**

Yes. However, records shall be maintained separately.

**7. Whether the borrower is allowed to raise ECB for tenor more than 5 years?**

ECBs can be raised for any period, as permitted in terms of Foreign Exchange Management (Borrowing and Lending) (First Amendment) Regulations, 2026. However, in terms of [FMOD.MAOG.No.S-57/01.06.016/2026-27 dated June 8, 2026](#), the ECBs of average maturity of three years and above are eligible for this facility. Further, the tenor of the swap will be co-terminus with the repayment schedule / maturity of the ECB, subject to maximum period of five years.

**8. Where can I find the application/declaration forms for the swap facilities?**

The Application-cum-Declaration forms to avail the swap facilities are available on the RBI website at [https://www.rbi.org.in/Scripts/BS\\_ViewForms.aspx?FCId=45](https://www.rbi.org.in/Scripts/BS_ViewForms.aspx?FCId=45). The operational aspects of the swap facilities have been specified in the Application-cum-Declaration form. The forms may be submitted along with the excel file, as provided.