



June 2026

## Reserve Bank of India announces special swap facilities for External Commercial Borrowings and Overseas Foreign Currency Borrowings

The Reserve Bank of India (“RBI”), through its notification dated June 8, 2026 (“**Notification**”), has introduced the following concessional USD-INR forex swap facilities:

1. for External Commercial Borrowings (“**ECBs**”) availed by the Public Sector Undertakings (“**PSUs**”) with a minimum average maturity of 3 (three) years. Eligible PSUs include those whose majority ownership is held by the Central and/or State Government (other than banks), as well as those incorporated, established or registered under a Central or State legislation and controlled by the Central and/or State Government). This facility will also be extended to undrawn portion of existing ECBs, except for those ECBs which have embedded options or which have been raised for the purpose of refinancing or repaying an existing ECB; and
2. for Overseas Foreign Currency Borrowings (“**OFCBs**”) availed by the authorised dealer category-I banks having a minimum maturity of 3 (three) years.

This facility was initially announced by the RBI after the 61<sup>st</sup> meeting of the Monetary Policy Committee, as a measure to attract foreign currency inflows and support India’s foreign exchange liquidity.

The Notification clarifies that ECBs and OFCBs may be raised in any foreign currency; however, the swap facility will only be available in USD. This swap facility will be open until January 15, 2027, for eligible ECBs drawn down and OFCBs raised, up to December 31, 2026.

### Conclusion

This concession is intended to reduce hedging costs associated with foreign currency borrowings for eligible entities, thereby minimising their risks against ongoing foreign currency fluctuations. While it is early to estimate the financial impact of the Notification, it is expected that eligible entities will take advantage of these concessions and continue to raise borrowings in foreign currency, in the form of ECB loans and OFCB interbank loans. As this swap facility will reduce hedging costs, the eligible entities are expected to continue borrowing funds through ECBs and OFCBs, which can be deployed effectively in the domestic market to maintain liquidity within the economy.

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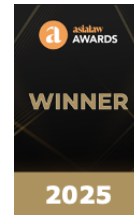
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