

## **RBI extends bank's special forex window till December 31**

After getting a good response to the double foreign exchange swap windows aimed to shore up the forex buffer and prop up the rupee, the Reserve Bank of India (RBI) on Friday allowed banks to utilise the special window till December 31, to borrow forex against their core capital but with riders.

The other swap window was to draw in non-resident Indian (NRI) funds through the foreign currency non resident (bank) or FCNR (B) deposit route. Both windows till Wednesday had netted \$22.5 billion and are to be tapered off on November 30.

Under the facility, banks were permitted to borrow from international banks/multilateral agencies up to 100 per cent of their core capital and swap the amount with RBI at a concessional rate of 3.5 per cent. But it is not known how many banks have availed of this facility so far, barring a few like YES Bank which said that it raised \$255 million in early October.

"It has been decided that if any bank is being sanctioned any loan from any international/multilateral financial institutions and is receiving a firm commitment in this regard on or before November 30, it will be allowed to enter into a forward-forward swap under the first leg of which the bank will sell forward the contracted amount of forex corresponding to the loan amount for delivery up to December 31," RBI said in a statement on Friday evening. However, the regulator clarified that the window will remain open till December 31 only to those banks which are negotiating loans or are close to closing the deal.

"If the bank is not in a position to deliver the contracted forex amount on the contracted date, it will have to pay the difference between concessional swap rate contracted and the market swap rate plus 100 basis points," RBI said. It reiterated the above relaxation would be available only for the contracts entered into up to November 30, and not thereafter and all the other terms and conditions for the swap will remain unchanged as notified earlier, RBI said.

*(Business Standard)*