Data Taste Revealed

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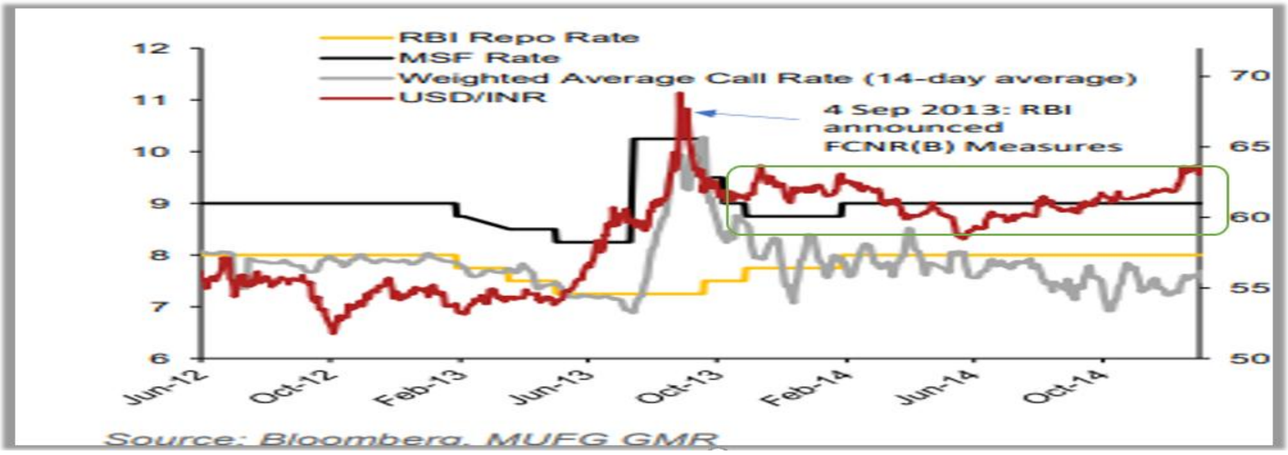
Discussion | **FCNR(B) Scheme of 2013: Whether It stabilized the Rupee and helped to Moderate G-Sec Yields ?**

Data Source | **MUFG FMR Report**

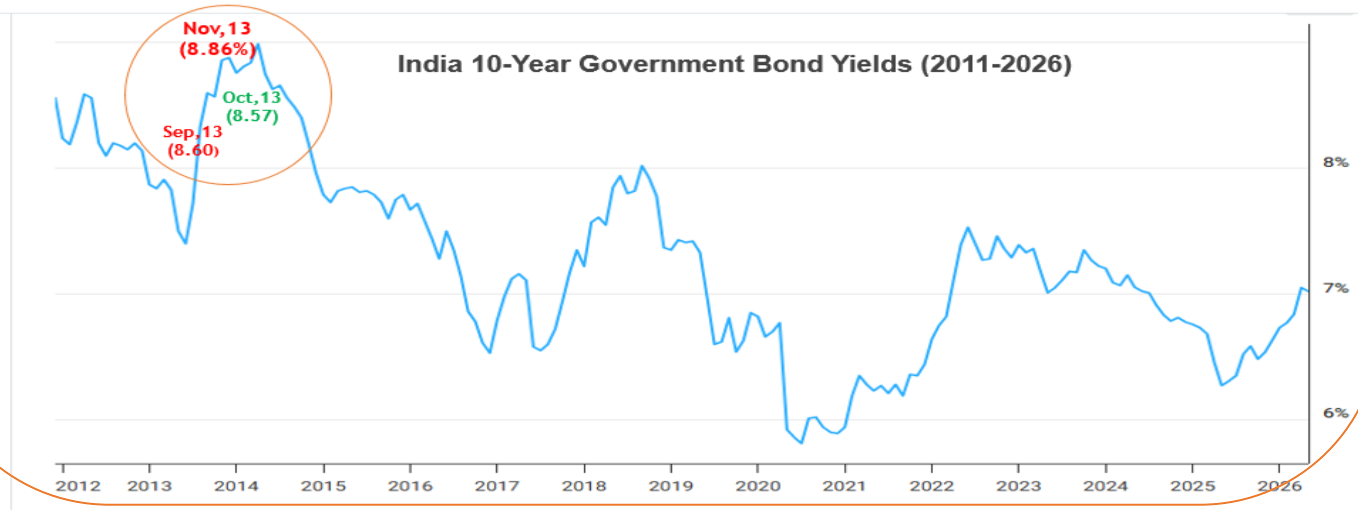
Reflections

- ✓ The RBI's FCNR (B) Deposit Swap Scheme, launched in September 2013, mobilized nearly US$34 billion in NRI foreign currency deposits, significantly strengthening India's foreign exchange reserves and stabilizing the Rupee after the taper tantrum.
- ✓ Although the FCNR (B) scheme was not intended to directly influence the government bond market, it created favourable macroeconomic conditions that supported lower Government Security (G-Sec) yields.

It Helped to Stabilise the Rupee in Past …



No Visible Impact on 10 Year G-Sec Yield in 2013…



Key Takeaway:

The 2013 FCNR (B) Scheme showed that timely mobilization of NRI foreign currency deposits can quickly stabilize the Rupee, strengthen external resilience, and indirectly reduce government borrowing costs by improving investor confidence and market liquidity.

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