Bank Deposit Growth Hits 10-Year High on $37 Billion NRI Inflows

RBI's special FCNR(B) window attracted over $36.72 billion in non-resident deposits, pushing bank deposit growth to 15.4%.

FCNR(B) is a scheme allowing Non-Resident Indians to hold foreign currency deposits in Indian banks without exchange rate risk.

KEY EXAM POINTS

- Bank deposits recorded a **15.4%** year-on-year growth by July end, the highest in nearly **10 years**.
- Bank credit growth accelerated to **19.4%** during the same period, marking the fastest pace since **June 2024**.
- Overseas Indians deposited **$36.72 billion** in Foreign Currency Non-Resident (**FCNR-B**) deposits within two months.
- Total foreign inflows garnered under the special RBI scheme till **July 31** reached nearly **$41 billion**.
- FCNR-B inflows surpassed the previous record of **$26 billion** mobilised under a similar scheme in **2013**.
- The special FCNR(B) window created by **RBI** is scheduled to end on **September 30, 2026**.
- Outstanding bank deposits reached **Rs 269.4 lakh crore**, while outstanding bank credit stood at **Rs 220.8 lakh crore** at July end.

DID YOU KNOW..!?

Foreign Currency Non-Resident (Bank) scheme allows NRIs to maintain deposits in foreign currencies like USD, GBP, and EUR.

Reserve Bank of India was established on **April 1, 1935** under the **Reserve Bank of India Act, 1934** based on **Hilton Young Commission** recommendations.

Reserve Bank of India was nationalised on **January 1, 1949**.

Non-Resident External (NRE) accounts are maintained in Indian Rupees, whereas **FCNR(B)** accounts are held in foreign currency.

Foreign exchange reserves of India are managed by the Reserve Bank of India under the **Foreign Exchange Management Act (FEMA), 1999**.

Scheduled Commercial Banks are listed under the **Second Schedule** of the Reserve Bank of India Act, 1934.

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Bank deposits grew by a 10-year high of 15.4% in July, driven by $36.72 billion in FCNR(B) NRI deposits.

Syllabus Relevance: High relevance for Group 1, Group 2, and Group 2A Unit 6 (Indian Economy) and Unit 2 (Current Events).