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How NRI deposits and its components have moved over the years

ACCENTURE | NOT RATED

Lower growth guidance points to downside risks for Indian players

SUMMARY**INDIA ECONOMICS: ECB PICTURE**

ECB registrations moderated to US\$ 42.9bn in FY26 from US\$ 61.2bn in FY25. More recently, in Apr'26, there has been a further moderation in ECB registrations to US\$ 3.8bn compared with US\$ 5.4bn in Mar'26. Heightened currency volatility and lower spread with the US can explain some part of the decline in ECB registrations. NBFCs remain the largest borrowers in the ECB market, accounting for over 39% of total registrations. Further, most borrowers in the market preferred using ECBs for on lending and refinancing of earlier ECBs.

[Click here](#) for the full report.

INDIA ECONOMICS: INVESTMENTS POST-COVID

There has been renewed push being given to investment post covid to accelerate growth. The period has been fairly turbulent even after 2021-22 with there being two major wars fought one of which may be coming close to an end. Further, there was a major disruption caused by the imposition of tariffs last year by the government of USA which also added to uncertainty. Given the fact that Indian economy is primarily dominated by domestic demand, there was some bit of insulation.

[Click here](#) for the full report.



INDIA ECONOMICS: NRI DEPOSITS TREND

RBI in its recent policy, has announced host of measures to attract foreign capital. The centre-point of discussion has been garnering flows through the FCNR (B) route where RBI will be bearing the full hedging cost of Banks till 30th September 2026 for raising fresh FCNR (B) deposits. The move is often compared with the 2013-period when RBI introduced the swap window facility to attract more flow of funds through the FCNR (B) route. Against this context, let us see how the NRI deposits of Banks and its components have fared in the past.

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ACCENTURE

- ACN lowered FY26 (August YE) Local currency (LC) organic revenue growth guide by 50bps to 2%. Reversed its post 2Q move
- Indicates weakness towards end of 3QFY26 which it says will continue in 4Q. Indian industry in FY27 (March YE) may be weaker than expected
- The sharp stock reaction of ACN is also due to the expensive M&A moves

[Click here for the full report.](#)

ECB PICTURE

18 June 2026

ECBs in FY26

ECB registrations moderated to US\$ 42.9bn in FY26 from US\$ 61.2bn in FY25. More recently, in Apr'26, there has been a further moderation in ECB registrations to US\$ 3.8bn compared with US\$ 5.4bn in Mar'26. Heightened currency volatility and lower spread with the US can explain some part of the decline in ECB registrations. NBFCs remain the largest borrowers in the ECB market, accounting for over 39% of total registrations. Further, most borrowers in the market preferred using ECBs for on lending and refinancing of earlier ECBs.

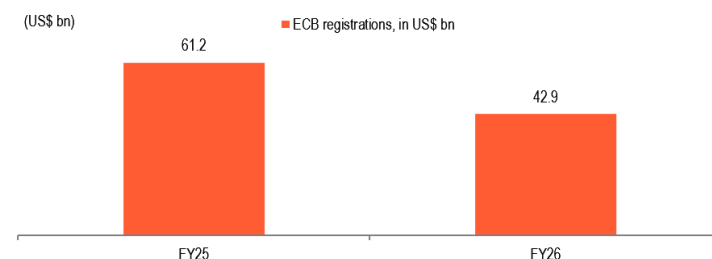
Aditi Gupta
Economist

However, there was a pickup in ECB mobilization for the purchase of capital goods and infrastructure, which suggests traction in the domestic capex cycle. Further, while other commercial banks are the main sources of financing for ECBs, IFSC has emerged as another new avenue. Overall, while ECB registrations have come down in FY26, we expect an improvement this year led by RBI's announcement of dollar-rupee swap facility for PSU borrowers. This will help in supporting India's overall balance of payment at a time when the current account deficit is poised to increase.

ECB registrations in FY26

External commercial borrowings act as a supplementary source of funding for domestic companies. Over the years, ECBs have followed a diverging trend based on the availability of domestic resources, demand for funds, global rates and the movement in domestic exchange rates. In FY26, ECB registrations (including FCCBs) stood at US\$ 42.9bn, declining from US\$ 61.2bn in FY25. This can be attributed to a sharp depreciation in INR (leading to higher hedging costs) and narrowing rate differential with the US.

Fig 1: ECB registrations declined in FY26



Source: CEIC, Bank of Baroda Research

Majority of the ECB registrations continue to be through the automatic route. In fact, about 84% of total ECB registrations were under the automatic route. In comparison, ECB registration under the automatic route accounted for 78% of total ECB registrations last year.



INVESTMENTS POST-COVID

18 June 2026

India's investment scenario post-pandemic

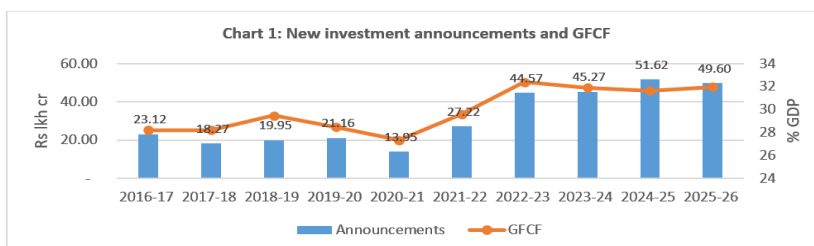
There has been renewed push being given to investment post covid to accelerate growth. The period has been fairly turbulent even after 2021-22 with there being two major wars fought one of which may be coming close to an end. Further, there was a major disruption caused by the imposition of tariffs last year by the government of USA which also added to uncertainty. Given the fact that Indian economy is primarily dominated by domestic demand, there was some bit of insulation.

Dipanwita Mazumdar
Economist

However, inflation has been varied in the last 4 years prompting differential approaches by the MPC which first raised the repo rate before lowering it last year. At the same time there has been an uptick in funds raised in both the IPO and debt market which is encouraging. In this environment the investment pattern in the economy is interesting to examine.

Investment is dependent on various factors on both the demand and supply sides. On the demand side, the capacity utilization rate is important because as long as there is excess capacity the decision to invest will be determined by conjectures on future demand. Demand has been varied across sectors with the consumer goods segment being relatively less vibrant against capital goods where there was frontend spending on infrastructure by the government and private sector. On the supply side, cost of capital is also important as companies normally leverage to add to capital and the interest rate becomes important. In parallel, there has been a lot of effort put in at the policy level to ease the doing business environment.

There are two aspects of investment that can be captured by various data sets. The first is the gross fixed capital formation rate (GFCF) which includes construction and investment in plant and machinery and the second is new investment announcements by companies as collated by CMIE. The chart below provides the trend in both these variables over the last 10 years. The GFCF rates are as per 2011-12 base till 2021-22 after which the 2022-23 base year data is used. The new investment announcements are in monetary terms. There is a strong correlation between the two series which also comes out in the graph.



Source: NSO and CMIE



NRI DEPOSITS TREND

18 June 2026

How NRI deposits and its components have moved over the years

RBI in its recent policy, has announced host of measures to attract foreign capital. The centre-point of discussion has been garnering flows through the FCNR (B) route where RBI will be bearing the full hedging cost of Banks till 30th September 2026 for raising fresh FCNR (B) deposits. The move is often compared with the 2013-period when RBI introduced the swap window facility to attract more flow of funds through the FCNR (B) route. Against this context, let us see how the NRI deposits of Banks and its components have fared in the past.

Dipanwita Mazumdar
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This note captures:

- 1) The trend of NRI and FCNR (B) deposit movement since 2010 to see the impact of 2013- measure of RBI and form an idea about how much inflow through the FCNR (B) route might be possible under the current measure, just by looking at the past data.
- 2) Apart from FCNR (B) deposits, how other components of NRI deposits have fared.
- 3) The share of NR (E) RA is dominant in overall NRI deposits. However, since the past 5- & 10-Year period, flows through the NRO account have gained prominence albeit small in absolute number.
- 4) This may be on account of growing confidence of investors on Indian economy as the NRO account basically handles domestic revenue.

How NRI and FCNR (B) deposits have moved?

The movement of NRI deposits is interesting. The general trend is rising albeit some flatlining recently. Let us demarcate phases where NRI deposits picked up:

Phase 1: FY13-16. The pickup in overall NRI deposits from US\$ 71bn in FY13 to US\$ 127bn in FY16, is attributable increase in FCNR (B) deposits from US\$ 15bn to US\$ 45bn in FY16, due to RBI's introduction of swap window. The lucrative tax benefits in FCNR (B) deposits amidst a lower global interest rate regime attracted considerable funds through this route.

Phase 2: FY19-21. NRI deposits rose to US\$ 142bn from US\$ 130bn during this period. This is despite a softer interest rate regime globally. Bank deposits probably have been the preferred choice of investment during the uncertain environment (Covid-19) where other asset classes exhibited considerable volatility.



NOT RATED**ACCENTURE**

| IT Services

| 19 June 2026

Lower growth guidance points to downside risks for Indian players

- **ACN lowered FY26 (August YE) Local currency (LC) organic revenue growth guide by 50bps to 2%. Reversed its post 2Q move**
- **Indicates weakness towards end of 3QFY26 which it says will continue in 4Q. Indian industry in FY27 (March YE) may be weaker than expected**
- **The sharp stock reaction of ACN is also due to the expensive M&A moves**

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Accenture lowered FY26 (August YE) Local currency (LC) organic revenue growth guidance by 50bps to 2%. It had done the reverse 3 months back after a stronger than expected 1HFY26. Lost revenue of US\$100mn in 3QFY26 to the Middle east situation. Two large orders got pushed to FY27, impacting its TCV. This was indicated to be client specific.

Read through of 3QFY26 Accenture results for Indian industry players*

- If you combine the weakness that ACN is indicating in 2HFY26 with recent commentary of Cognizant CFO (that there is no acceleration in demand near term) one concludes that FY27 for the Indian IT service industry would be weaker than what street anticipated post 4QFY26. Already both Infosys and HCLT are pointing to weaker than FY26 organic growth. Looks like there may be downside risks to those numbers too.
- Managed services growth has been faster than that of consulting and we believe that is where ACN competes with Indian heritage players the most and we believe it is gaining share.
- Enterprise clients are sharply focused on ROI in their decisions regarding AI.
- While Business AI has been dominating discussion on increase in TAM across various Global IT services entities like Capgemini and Cognizant, Accenture TAM expansion narrative as of today revolves around Cyber security and attacking the mid-market segment.
- Accenture for the first time in recent days indicates that some clients are pushing back orders. This was first highlighted by Kyndryl and Epam a few quarters back. Very likely we are going to see this commentary also embraced by some Indian players.



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HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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