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## FOREIGN BANKS GIVE UPFRONT LOANS TO INDIAN DOLLAR DEPOSITS

Wealthy Indians who are not residents are being offered large upfront loans, and are being offered very low rates for dollar/rupee swaps. In 2000, a similar effort was undertaken to extract dollars from wealthy nonresidents who could help prop up the economy, and this methodology is being applied again. Banking sources are betting on a \$10 billion influx, though the Indian government is claiming that it could raise up to twice as much money. It's really just a disguised bond, says Rajeev Malik, an analyst at CLSA Singapore. Another economist from the Royal Bank of Scotland claims that a sovereign bond would not be a good idea at a time when the Indian banking system is risking a downgrade from Standard & Poor's, the same agency which has haunted the United States by downgrading their own credit rating. It gets rid of the risk of the nation being publicly embarrassed, while also serving to appear as a desperate measure which looks very generous. In a way, this is like the concept of war bonds, which are treated as a patriotic duty for which a citizen who pays into the program will be rewarded greatly if things go well. Likewise, NRI investment schemes like this are capable of returning a lot of profit to nonresidents while helping keep the nation's economy afloat. For more details on the article [Click Here](#) Looking for Banking jobs? [Click here](#).

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