

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO. 2151

ANSWERED ON TUESDAY, 8th August, 2023/ **Sravana 17, 1945 (Saka)**

Trade in local currency

2151. Shri Brijlal:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has made an agreement with some countries to carry out business/trade in local currency;
- (b) if so, the details thereof along with the names of those countries and the main terms and conditions of the said business/trade; and
- (c) the other efforts taken/being taken by Government to make Indian currency a global currency?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) and (b): To promote growth of global trade with focus on exports from India, Reserve Bank of India (RBI) has put in place an additional arrangement for invoicing, payments, and settlement of exports/imports in Indian Rupee vide A.P (DIR Series) Circular No. 10 RBI/2022-2023/90 dated 11.07.2022 on "International Trade Settlement in Indian Rupees (INR)". The framework put in place by RBI is applicable for any partner country seeking to undertake trade with India in INR. So far, RBI has permitted 20 Authorised Dealer (AD) banks in India for opening of Special Rupee Vostro Accounts (SRVAs) of partner banks from 22 countries namely Bangladesh, Belarus, Botswana, Fiji, Germany, Guyana, Israel, Kazakhstan, Kenya, Malaysia, Maldives, Mauritius, Myanmar, New Zealand, Oman, Russia, Seychelles, Singapore, Sri Lanka, Tanzania, Uganda, and United Kingdom. Additionally, a MoU has been signed between the RBI and the Central Bank of UAE on 15.07.2023, which would enable exporters and importers to invoice and pay in their respective domestic currencies enabling the development of a bilateral foreign exchange market. The MoU covers all current account transactions and permitted capital account transactions. Further, the Central Bank of Sri Lanka has designated INR as one of the designated foreign currency in Sri Lanka on 26.08.2022.

(c): An Inter-Departmental Group (IDG) of the Reserve Bank of India (RBI) was constituted in December 2021 to examine the issues related to internationalisation of INR and suggest a way forward. IDG has submitted its report to RBI.
