

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO. 542

ANSWERED ON TUESDAY, 25th July, 2023/ **Sravana 3, 1945 (Saka)**

Operationalisation of Rupee trade agreement

542. Shri Mohammed Nadimul Haque:

Will the Minister of FINANCE be pleased to state:

- a. the reasons for non-operationalization of Rupee trade agreement with Russia even after a year-long engagement between the two partner countries;
- b. the steps taken by Government towards internationalization of the Rupee without adversely affecting the economy's fundamentals; and
- c. the steps taken by Government for balancing exchange rate stability and domestic Monetary Policy as the Rupee becomes more internationalized and likely to become more vulnerable to external economic shocks?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (c): To promote growth of global trade with emphasis on exports from India and to support the increasing interest of global trading community in INR, Reserve Bank of India (RBI) has put in place the arrangement for invoicing, payments, and settlement of exports/imports for international trade 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 in terms of RBI's Circular dated 11.07.2022. Banks from Russia have evinced interest in the arrangement notified by RBI. India and Russia have an Inter-Governmental mechanism called the Working Group on Banking and Financial Matters under India Russia Intergovernmental Commission for Trade, Economic, Scientific & Cultural Cooperation (IRIGC-TEC) to discuss such issues of mutual interest and cooperation.

RBI constantly monitors the trend of Rupee movement and may intervene in the foreign exchange market to curb undue volatility in the exchange rate of INR, if required.
