

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**LOK SABHA**

**UNSTARRED QUESTION NO. 35**

ANSWERED ON MONDAY, 04<sup>th</sup> DECEMBER, 2023/ AGRAHAYANA 13, 1945 (SAKA)

**MECHANISM FOR INTERNATIONAL TRADE SETTLEMENT IN RUPEES**

**35. SHRI P.V. MIDHUN REDDY:**

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Reserve Bank of India has recently introduced a new mechanism for international trade settlements in rupees, aiming to promote exports and facilitate imports;
- (b) if so, the details thereof;
- (c) the expected benefits to be realised due to the same; and
- (d) the details of other such measures, the Government is taking to enhance rupee based trade to reduce its reliance on the US Dollars?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

**(DR. BHAGWAT KARAD)**

**(a) to (d):** 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)". RBI has permitted opening of Special Rupee Vostro Accounts (SRVAs) of banks from various countries viz., Bangladesh, Belarus, Botswana, Fiji, Germany, Guyana, Israel, Kazakhstan, Kenya, Malaysia, Maldives, Mauritius, Myanmar, New Zealand, Oman, Russia, Seychelles, Singapore, Sri Lanka, Tanzania, Uganda, United Arab Emirates (UAE) and United Kingdom under this arrangement. Besides the aforementioned additional arrangement, RBI has signed a Memorandum of Understanding (MoU) with Central Bank of UAE on 15.07.2023, to promote the use of local currencies.

The Directorate General of Foreign Trade (DGFT) had also introduced Para 2.52(d) in the Foreign Trade Policy vide Notification No. 33/2015-20 dated 16.09.2022, to allow for International Trade Settlement in Indian Rupees (INR) i.e., invoicing, payment, and settlement of exports / imports in Indian Rupees in sync with RBI's A.P. (DIR Series) Circular No.10 dated 11.07.2022.

Changes were also introduced in the Foreign Trade Policy vide DGFT Notification 43/2015-20 dated 09.11.2022 and Public Notice 35/2015-20 dated 09.11.2022 for grant of exports benefits and fulfilment of Export Obligation for export realisations in Indian Rupees as per the RBI guidelines issued under A.P. (DIR Series) Circular No.10 dated 11.07.2022.

As the transactions will be settled in INR, it will reduce the exchange rate risk for the Indian exporters and importers. Further, the increased usage of this additional arrangement may also reduce dependence on freely convertible currencies.