



India's central bank unveils rupee settlement system for int'l trade

Source: Xinhua Editor: huaxia 2022-07-12 00:25:15

MUMBAI, July 11 (Xinhua) -- India's central bank on Monday unveiled an Indian rupee settlement system for international trade.

Exporters and importers can now use a special vostro account linked to the correspondent bank of the partner country for receipts and payments denominated in Indian rupees, said the Reserve Bank of India (RBI) in a circular.

Terming the move as a progressive step, Vijay Kalantri, chairman of MVIRDC World Trade Center Mumbai, which is an international trade promotion organization, said, "This will reduce India's demand for (U.S.) dollars and thereby reduce depreciation pressure on our currency."

However, success of this strategy depends on the acceptability of this arrangement to India's trade partners. Currently, Indian rupee is not a globally popular international reserve currency, he added.

All exports and imports under the invoicing arrangement may be denominated and invoiced in rupee, while the exchange rate between the currencies of the two trading partner countries may be market-determined, the RBI circular said.

Related export services will be covered under India's Foreign Exchange Management Act (FEMA) rules.

At the operational level, India may promote the integration of its United Payment Interface (UPI) system with the payment system in other countries so that exporters and importers can handle trade and settle their payments through mobile payment, Kalantri said. ■