



दि प्लास्टिक एक्स्पोर्ट प्रमोशन कौन्सिल
(भारत सरकार, वाणिज्य एवं उद्योग मंत्रालय, वाणिज्य विभाग द्वारा प्रायोजित)

THE PLASTICS EXPORT PROMOTION COUNCIL

(Sponsored By The Ministry Of Commerce & Industry, Deptt. Of Commerce, Government Of India)

Ref. No. : Plexh/Cir/623

07.12.2022

To,

All Members of Plexconcil

Dear Sir / Madam

Subject : Regarding FAQs w.r.t International Trade Settlement in Indian Rupees by RBI.

We wish to inform you that the Reserve Bank of India has recently updated some of the very important FAQs on its official portal for general guidance purpose only w.r.t International Trade Settlement.

Some of the Important Frequently asked questions regarding Indian Trade Settlement in Rupees are:

Q 1: How is the Special Rupee Vostro Account (SRVA) different from the already existing Rupee Vostro Account provided for under Foreign Exchange Management (Deposit) Regulations, 2016?

Answer: The settlement of International trade through Indian Rupees (INR) is an additional arrangement to the existing system of settlement. SRVA requires prior approval before opening unlike Rupee Vostro account.

Q 2: What is new in this arrangement?

Answer: The settlement through Indian Rupees (INR) is an additional arrangement to the existing system that uses freely convertible currencies and will work as a complimentary system. This will reduce dependence on hard (freely convertible) currency.

Q 3: Whether RBI approval is required for opening such Special Rupee Vostro Accounts?

Answer: Yes, for opening of Special Rupee Vostro Account, prior approval of RBI would be required. The bank willing to open Special Rupee Vostro Account for bank of the partner country should have a good level of business resilience and financial health. Second, they need to have experience in facilitating trade/investment transactions and capability to provide other financial services. Third, AD banks should have good correspondent relationships with banks in partner countries.

Q 6: What is the procedure for opening a Special Rupee Vostro Account with an Indian AD bank?

Answer: The AD bank approaching RBI for seeking approval for opening of Special Rupee Vostro Account must submit the following information along with their proposal/request:

The details of the arrangement between AD bank and correspondent bank from the trading partner country along with the funds flow.

A brief write-up on the foreign banks seeking correspondent relationship for Special Rupee Vostro Account.

Copy of the request letter of the correspondent bank to AD bank.

Confirmation from AD bank that the due diligence has been carried out by AD bank which establishes correspondent banking relationship as per our extant guidelines {[Master Direction - Know Your Customer \(KYC\) Direction, 2016 dated Feb 25, 2016](#)} (As amended from time to time).

Confirmation from AD bank stating that the correspondent bank is not from a country or jurisdiction in the updated FATF Public Statement on High Risk & Non-Co-operative jurisdictions on which FATF has called for counter measures.

Confirmation from AD bank that they shall ensure that all the transactions taking place in the Special Rupee Vostro Account of the correspondent bank are strictly in adherence to the instructions given in the [A.P. \(DIR Series\) Circular No. 10 dated July 11, 2022](#).

Financial parameters pertaining to the correspondent bank as required for the proposal may be obtained beforehand by email to fedcotrade@rbi.org.in and the same may be furnished by AD bank along with the proposal.

Q 10: Can an AD bank in India open only one Special Rupee Vostro Account from a foreign country?

Answer: No. AD bank in India can open multiple Special Rupee Vostro Accounts for different banks from the same country.

Members are requested to go through the given link for other important FAQs:

<https://m.rbi.org.in/scripts/FAQView.aspx?Id=151#top>

Best regards,

Bharti Parave

Asst. Director – Trade & Policy

The Plastics Export Promotion Council