

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**

**STARRED QUESTION NO. \* 312**

ANSWERED ON MONDAY THE 8<sup>th</sup> AUGUST, 2022/ SRAVANA 17, 1944 (SAKA)

**INTERNATIONAL TRADE SETTLEMENT IN INR**

**\*312: SHRI KIRTI VARDHAN SINGH:  
SHRI RAMALINGAM S:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is contemplating to introduce Indian National Rupee (INR) for international trade settlement as a mechanism;
- (b) if so, the details thereof and the benefits the country would achieve from this move;
- (c) the extent to which the launch of international trade in Indian Rupee would help traders, exporters, importers and the exchequer;
- (d) whether this decision will help reduce the country's trade deficit caused by many imports from various countries;
- (e) if so, the details thereof along with the time by which it is likely to be implemented; and
- (f) whether the Government has introduced trading in Rupee with those countries also with which it has trade deficit other than those from where oil is imported and if so, the details thereof?

ANSWER  
FINANCE MINISTER  
**(SMT. NIRMALA SITHARAMAN)**

(a) to (f): A Statement is laid on the Table of the House.

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**STATEMENT REFERRED IN REPLY TO LOK SABHA STARRED QUESTION NO. \*312 FOR 8th AUGUST 2022 ON "INTERNATIONAL TRADE SETTLEMENT IN INR" TABLED BY SHRI KIRTI VARDHAN SINGH, SHRI RAMALINGAM S MEMBERS OF PARLIAMENT**

**(a):** Yes, Sir. The Reserve Bank of India (RBI) has allowed invoicing and payments 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)".

**(b) and (c):** The broad framework for cross-border trade transactions in INR under the Foreign Exchange Management Act, 1999 (FEMA) has been delineated by RBI in the said Circular dated 11.07.2022. The Circular lays down that all exports and imports under the arrangement may be denominated and invoiced in Rupee (INR), the exchange rate between the currencies of the two trading partner countries may be market determined, and the settlement of trade transactions under the arrangement shall take place in INR in accordance with the procedure laid down in the Circular. RBI has put in place the arrangement for invoicing, payment, and settlement of exports / imports in INR in order to promote growth of global trade with emphasis on exports from India and to support the increasing interest of global trading community in INR.

**(d) and (e):** As mentioned above, RBI has put in place the arrangement in order to promote growth of global trade by reducing the dependence on hard currency, with emphasis on exports from India and to support the increasing interest of global trading community in INR. The increase of exports may help reduce the trade deficit.

**(f):** The framework put in place by RBI for allowing invoicing and payments for international trade in INR is applicable for any partner country seeking to undertake trade with India in INR in terms of RBI's Circular dated 11.07.2022. In terms of Para 10 of RBI's Circular, the approval process is that for opening of Special INR Vostro accounts, banks of partner countries may approach Authorized Dealer (AD) banks in India which may seek approval from RBI with details of the arrangement. The AD bank maintaining the Special INR Vostro Account is required to ensure 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.

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