

# ₹ trade with Lanka and Mauritius soon

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**AS MANY AS** 17 vostro accounts have been opened so far to facilitate rupee trade with not just Russia but also Sri Lanka and Mauritius, sources told *FE*. A dozen of these accounts are meant for trade with Moscow.

Russian banks like Sberbank, VTB, Gazprom, MTS and Tinkoff have opened such accounts with either Indian banks or their own branches here, said the sources.

Banks from Mauritius and Sri Lanka have opened vostro accounts with State Bank of India, said the sources.

Sri Lankan banks have also opened such accounts with Indian Bank, and with a branch of Bank of Ceylon here, they added.

To be sure, no specific Indian bank has been authorised by the government for facilitating rupee trade with any particular country and that all interested banks are allowed to open such accounts with any country of their choice, said one of



the sources.

Given that about 30-35 countries, including those from Asia, Scandinavia and Africa, have expressed interest in better understanding the proposed rupee trade mechanism for possible adoption, the number of vostro accounts is expected to rise in the near future.

As *FE* has reported, the finance ministry has asked the Indian Banks' Association (IBA) and the Federation of Indian Export Organisations (FIEO) to spearhead an awareness campaign to sensitise stakeholders about the rupee trade. The IBA will be guided by the Reserve Bank of India (RBI) in this exercise.

The countries that are keen on rupee trade also include neighbours such as Sri Lanka, Bangladesh, Nepal and Myanmar, and Mauritius. These countries have been grappling with a shortage of dollar reserves.

The RBI had in July notified the new mechanism for settling international trade in the rupee. This was aimed at not just reducing the rupee against the dollar but also internationalising the domestic currency.

Subsequently, the commerce ministry notified guidelines that will enable exporters to get stipulated benefits under the foreign trade policy even if the export realisation is in the domestic currency, and not dollar.

According to the notification of the directorate general of foreign trade, domestic firms undertaking imports through this mechanism will make payment in the rupee, which will be credited into the special vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller/supplier.