

GOVT PROPOSES ACTION PLAN ON SPECIAL RUPEE ACCOUNTS

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The Centre, along with the Reserve Bank of India (RBI), has prepared an action plan for facilitation of special rupee accounts for trade settlements.

This includes nudging banks and the Indian Banks' Association (IBA) to reach out to foreign banks for opening such vostro accounts. Banks have also been asked to process over 115 proposals at the earliest, and to remain cautious while dealing with Russian banks.

In a meeting held on Wednesday, the Centre spelt out the plan, which requires the Department of Commerce and the Directorate General of Foreign Trade (DGFT) to encourage trade associations to utilise the RBI's new rupee settlement mechanism — seen as a measure to internationalise the rupee. This is besides the Ministry of External Affairs (MEA) already spreading awareness regarding the framework with overseas entities, sources told *Business Standard*.

The meeting was held by the finance ministry, and RBI, MEA, commerce department, and top banks officials participated in it. Once banks get applications from banks, they have to undertake internal scrutiny and send it to the RBI for approval, the plan said.

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The RBI will then expeditiously process the applications.

Banks, collectively, have received over 115 proposals from corresponding banks in Sri Lanka and Commonwealth of Independent States nations, which include Russia and Ukraine. Most applications have been received by ICICI Bank, followed by IndusInd Bank, SBI, and UCO Bank, one of the officials in the know of the discussions said.

The meeting comes against the backdrop of the government's push towards recognising the Indian rupee as an international currency, as well as facilitation of trade with sanctions-hit Russia, and Sri Lanka, which is currently battling an economic crisis.

As of now, no application has been received by the RBI for approval, although some PSBs are working to make the RBI's mechanism on settling international payments in rupee operational, the official said.

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