

# RBI permits banks to open current a/c for export proceeds

**Press Trust of India**  
Mumbai

The Reserve Bank of India (RBI) on Friday permitted banks to open additional current account for exports proceeds in addition to special rupee vostro accounts with a view to provide greater operational flexibility to exporters.

To provide greater operational flexibility to exporters, banks maintaining special rupee vostro account as per the provisions of the RBI circular dated July 11, 2022 are permitted to open an additional special current account for its exporter constituent exclusively for settlement of their export transactions, RBI said in a notification.

In July 2022, the RBI had asked banks to put in place additional arrangements for export and import transactions in Indian rupees in view of increasing interest of the global trading community in the domestic currency.

"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, it has been decided to put in place an additional arrangement for invoicing, payment, and settle-



ment of exports/imports in INR," it said.

India has been trying to promote rupee trade following the Russia-Ukraine war and the sanctions imposed by the West. In July 2022, the RBI decided to allow the settlement of India's international trade in rupee.

## **PAYMENT FLOW**

Accordingly, authorised Indian banks must open and maintain special rupee vostro accounts of the partner trading country's banks. These accounts keep the foreign bank's holdings in the Indian counterpart in rupees.

When an Indian trader wants to make a payment to a foreign trader in rupees, the amount will be credited to this vostro account. Similarly, in the reverse scenario, the amount to be paid to an Indian trader is deducted from the vostro account, and credited to the person's regular account.