

RBI extends currency swap with SAARC countries till 2027

AGENCIES

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The Reserve Bank of India (RBI), with the approval of the Government of India, has introduced a revised Framework on Currency Swap Arrangement for SAARC (South Asian Association for Regional Cooperation) countries, covering the period from 2024 to 2027, said RBI on Thursday.

Under this new framework, the RBI will enter into bilateral swap agreements with the central banks of

SAARC countries that wish to use the swap facility. The purpose of these agreements is to provide a safety net for short-term foreign exchange liquidity needs or balance of payment crises in SAARC countries until more permanent solutions are established.

A currency swap between two countries is an agreement or contract to exchange currencies with predetermined terms and conditions.

The SAARC Currency Swap Facility originally began on November 15, 2012. Its pri-

mary goal was to offer financial support for short-term foreign exchange requirements or balance of payment issues among SAARC nations. The revised framework for 2024-2027 introduces a new INR Swap Window, which includes various concessions for swap support in Indian Rupees. The total amount available under this facility is Rs 250 billion. This move aims to enhance financial cooperation among SAARC countries by providing them with easier access to Indian Rupees.