

RBI revised norms for Special Rupee Vostro accounts



RBI has removed the prior approval requirement for opening Special Rupee Vostro Accounts (SRVAs). Authorized Dealer (AD) banks can now open SRVAs of overseas correspondent banks without referring to the RBI.

In July 2022, the RBI put in place an additional arrangement for invoicing, payment and settlement of exports/imports in Indian Rupees (INR). Under this arrangement, AD banks are permitted to open Special Rupee Vostro Accounts (SRVAs) of correspondent banks, with the prior approval of the RBI for settling cross-border trade transactions.

Special Rupee Vostro Accounts (SRVAs) are INR-denominated accounts held by overseas banks with Indian AD banks.

This framework, introduced by the RBI, enables seamless cross-border trade by facilitating transactions in Indian Rupees. This mechanism enables foreign banks to maintain Rupee-denominated accounts with Indian banks for settling cross-border trade transactions, thereby, reducing reliance on third-party currencies and enhancing financial stability. It supports both importers, who make payments in INR and exporters, who receive proceeds from the Vostro account, ensuring efficient settlements.

OBJECTIVES

- To speed up the process for opening of SRVAs.
- To enhance the efficiency of cross-border transactions.
- To speed up the process of rupee-based trade settlements & internationalization of rupee.
- To support Indian exporters and importers.