

**Asian Clearing Union (ACU)– Payment
of Interest on ACU dollar Accounts**

Reserve Bank of India
Central Office
Department of Banking Operations & Development Centre - 1,
World Trade Centre
Cuffe Parade, Colaba, Mumbai - 400 005

DBOD No. Dir.BC. 58/13.01.09/2000

December 19, 2000

All Commercial Banks

Dear Sirs,

Asian Clearing Union (ACU)– Payment
of Interest on ACU dollar Accounts

For the purpose of putting through the transactions under ACU mechanism, the banks in one member country are allowed to open ACU Dollar accounts with commercial banks in other participating countries. These accounts are funded through Central Banks and payments to exporters are made by debit to these accounts. No interest is currently payable on the balances maintained in such accounts.

2. It has been decided in the 29th Board meeting of ACU held at Dhaka on 20th & 21st May 2000, that all member Central Banks would allow commercial banks under their respective jurisdictions to pay interest at their discretion on the balances in ACU dollar accounts of correspondent banks of other ACU member countries in order to facilitate prompt funding of accounts.

3. Accordingly, it has been decided to allow banks operating in India to pay interest on ACU Dollar Vostro Accounts. **The decision to pay interest and the rate at which it will be paid and other conditions will, however, be left to the discretion of each bank.**

Yours faithfully,

(P.V.Subba Rao)
Chief General Manager