



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Steps to encourage use of Indian Rupee and local / national currencies for settlement of cross border transactions – Liberalization of FEMA regulations

To encourage greater use of Indian Rupee (INR) for trade transactions, in July 2022, an additional arrangement in the form of Special Rupee Vostro Account (SRVA) was introduced. Several foreign banks have since opened SRVAs with banks in India. The Reserve Bank has also signed Memorandum of Understanding (MoU) with the central banks of the United Arab Emirates, Indonesia and Maldives, to encourage cross-border transactions in local currencies. Further, in December 2023 the Foreign Exchange Management (Manner of Receipt and Payment) Regulations were revised to enable cross border transactions in all foreign currencies (including local currencies of trading partner countries) and INR.

In order to promote cross border transactions in INR and local / national currencies, a further review of the existing regulations issued under FEMA, 1999 has been undertaken by the Reserve Bank in consultation with the Central Government. Accordingly, the following changes have been made in the extant FEMA regulations:

- Overseas branches of Authorized Dealer banks will be able to open INR accounts for a person resident outside India for settlement of all permissible current account and capital account transactions with a person resident in India.
- Persons resident outside India will be able to settle bona fide transactions with other persons resident outside India using the balances in their repatriable INR accounts such as Special Non-resident Rupee account and SRVA.
- Persons resident outside India will be able to use their balances held in repatriable INR accounts for foreign investment, including FDI, in non-debt instruments.
- Indian exporters will be able to open accounts in any foreign currency overseas for settlement of trade transactions, including receiving export proceeds and using these proceeds to pay for imports.

The revised Regulations¹ and Directions to effect these changes have been issued.

Press Release: 2024-2025/1940

(Puneet Pancholy)
Chief General Manager

¹ [Foreign Exchange Management \(Deposit\) \(Fifth Amendment\) Regulations, 2025](#)
[Foreign Exchange Management \(Foreign Currency Accounts by a person resident in India\) \(Fifth Amendment\) Regulations, 2025](#)
[Foreign Exchange Management \(Mode of Payment and Reporting of Non- Debt Instruments\) \(Third Amendment\) Regulations, 2025](#)