

Press Release

Special Webinar on Trade Settlement in Indian Rupee on 11 May 2023

High Commission of India in Kuala Lumpur, in collaboration with the Reserve Bank of India – India's Central Bank, organized a Special Webinar on Settlement of India-Malaysia Trade in Indian Rupee on 11 May 2023. Bank Negara Malaysia joined the Webinar along with over 40 senior officials from Malaysian and Indian banks including Standard Chartered Bank, CIMB, HSBC Malaysia, Affin Bank, Hong Leong Bank, MayBank, ICICI Bank, RHB Bank, Union Bank of India and IIBM Malaysia.

High Commissioner, H.E. Mr. B.N. Reddy gave the welcome remarks highlighting that beginning 1st April 2023, the trade between India and Malaysia can be settled in Indian Rupee (INR) in addition to the current modes of settlement in other currencies. HC highlighted how trade settlement in Indian Rupee (INR) is another facet of rising India with growing economy and ever expanding linkages with the world, through trade, business, diaspora etc. INR settlement can further facilitate India-Malaysia bilateral trade. HC stated that the role of banking sector is very crucial in implementation of the trade settlement in Indian Rupee and that there is significant scope for both sides to explore these options.

Executive Director, Reserve Bank of India, Dr. Deepak Kumar, addressed the banks and explained about the background of the RBI's announcement of July 2022 permitting usage of Indian Rupee (INR) for various trade and non-trade cross-border transactions. This mechanism is aimed at creating a comprehensive streamlined framework with flexibility of investment of surplus balance in INR.

Mr. Albert See Choon Kwang, Director, Foreign Exchange Policy Department, Bank Negara Malaysia, welcomed RBI's initiative regarding the trade settlement in INR. He highlighted that about 16-18% of Malaysia-China trade is settled in either Chinese Renminbi or Malaysian Ringgit and hoped that with time, INR trade settlement will similarly be utilized by the traders on both sides for mutual benefit. Mr. Choon Kwang stated that this initiative is in line with the BNM's Foreign Exchange Policy to allow settlement of trade in foreign currencies. He also added that this gives the ecosystem more stability and diversity.

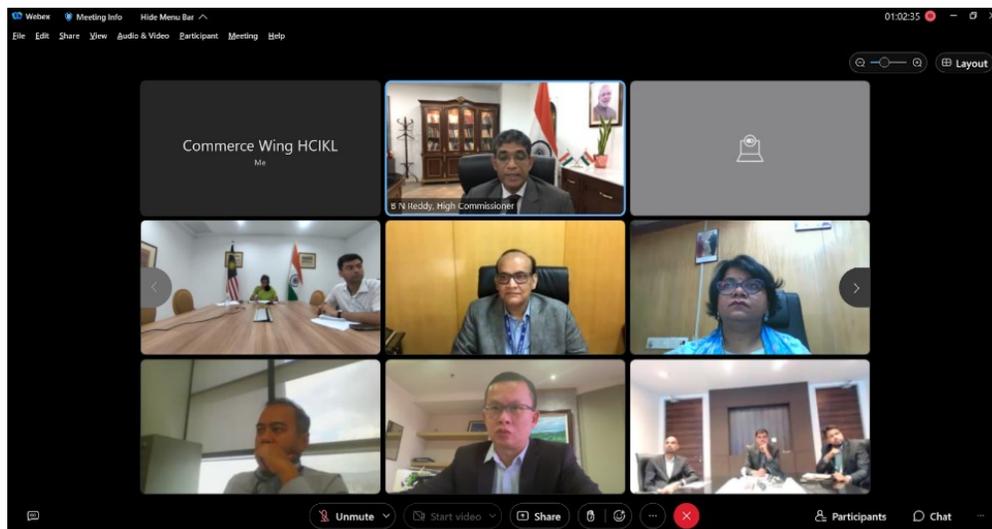
Ms. Latha Radhakrishnan K, General Manager, Reserve Bank of India gave a detailed presentation explaining the INR settlement mechanism for cross border transactions, the procedure for opening Special Rupee Vostro Account (SRVA) and its benefits.

Mr. Shivaraman Subramanian, Regional Head for Correspondent Banking for ASEAN and South Asia at Standard Chartered Bank (SCB) spoke about the Bank's experience and insights about INR Trade settlement and how it would be an effective option for several businesses e.g. those which are both importing and exporting from Malaysia, parent-subsidary transactions etc.

More than 40 participants from both Malaysian and Indian banks took part in the webinar. Queries from various representatives of the banks were addressed by Dr. Deepak Kumar, Executive Director of RBI in the discussion session.

At the closure of the webinar, Ms. C. Sushma, First Secretary, High Commission of India, Kuala Lumpur thanked all the participants adding that High Commission will continue to remain engaged with all stakeholders on the subject of INR trade settlement.

12th May 2023
Kuala Lumpur



High Commissioner, H.E. Mr. B.N. Reddy giving the opening remarks in the webinar joined by Executive Director from RBI, Mr. Deepak Kumar, Director of Foreign Exchange Policy, Bank Negara Malaysia, Mr. Albert See Choon Kwong and representatives from various Malaysian and Indian Banks



Mr. Deepak Kumar, Executive Director from Reserve Bank of India addressing the banks in the Webinar