Agreement on Standby credit facility

On 28th Jan. 2013, on the occasion of the visit of the King of Bhutan to India as the Chief Guest to the 2013 Republic Day celebrations, a MoU formalizing an agreement enhancing the standby credit facility by another Rs 4 billion was signed between the two sides. This takes the SCF to Rs. 10 billion. Under this facility, valid for 5 years, GoI provides credit to RGoB at a concessional interest rate of 5% per annum This will assist Bhutan to overcome the rupee liquidity crunch.

Currency Swap Agreement

On 7th March, 2013, the Bhutanese Central Bank, the Royal Monetary Authority (RMA) signed the Rs. 5.4bn Currency Swap Agreement (CSA) with the Reserve Bank of India (RBI). The currency swap facility allows the RMA to withdraw INR 5.4 bn from RBI for six months at a fixed interest rate of 6.5 percent, which is much less than borrowing from commercial banks.