RBI signs Currency Swap Agreement with Royal Monetary Authority of Bhutan

Reserve Bank of India
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Photographs

The Reserve Bank of India has today signed the first Currency Swap Agreement with the Royal Monetary Authority of Bhutan. The Royal Monetary Authority of Bhutan can make drawals of US Dollar, Euro or Indian Rupee in multiple tranches up to a maximum of US$ 100 million or its equivalent. This is expected to further economic co-operation between the two countries.

The agreement is valid for a period of three years from the date of signing.

It may be recalled that in May 2012, Governor Dr. D. Subbarao had announced in the SAARCFINANCE Governors’ meeting, held in Pokhara, Nepal, that the Reserve Bank of India would offer swap facilities aggregating US$ 2 billion, both in foreign currency and Indian Rupee to our neighbouring countries of the SAARC region. The facility is available to all SAARC member countries, viz., Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka. The swap arrangement is intended to provide a backstop line of funding for the SAARC member countries to meet any balance of payments and liquidity crises till longer term arrangements are made or if there is need for short-term liquidity due to market turbulence. The arrangement will also further financial stability in the region.