

**High Commission of India
Dar es Salaam**

PRESS RELEASE

**Bilateral Trade Settlement between Tanzania and India
in Domestic Currencies**

The High Commission of India in Dar es Salaam avails of this opportunity to inform all stakeholders that Reserve Bank of India (RBI) has cleared the way for trade using local currencies i.e. Indian Rupee (INR) & Tanzanian Shilling (TSh) by allowing the Authorized banks in India to open Special Rupee Vostro Accounts (SRVA) of correspondent banks of Tanzania.

For trading under this mechanism, Tanzanian banks will have to open Special Rupee Vostro Accounts in India by approaching authorized Indian banks who will in turn approach RBI for their approval with details of the arrangement. It is further informed that Bank of Baroda which has branches operating in Tanzania has received RBI's approval for opening Special Vostro Accounts (SRVAs) for its foreign branches and subsidiaries situated in various countries including Tanzania.

This arrangement is now applicable to 18 countries including Kenya and Uganda. The other countries are Botswana, Fiji, Germany, Guyana, Israel, Malaysia, Mauritius, Myanmar, New Zealand, Oman, Russia, Seychelles, Singapore, Sri Lanka and United Kingdom.

Under the new system put in place by RBI for settlement of trade transactions with foreign trade partner authorized banks in India will open a Special Rupee Vostro Accounts (SRVAs) of correspondent banks of the partner trading country. Indian importers undertaking imports through this mechanism will make payment in INR which shall be credited into the Special Vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods/services from the overseas seller/supplier. Indian exporters, undertaking exports of goods and services through this mechanism, can be paid their export proceeds in INR from the balances in the designated Special Vostro account of the correspondent bank of the partner country. The Rupee surplus balance held, if any, may be

used by the partner trading country for capital and current account transactions in India, for investing in India etc.

Tanzanian banks and businesses have opportunity to make full use of this framework so as to enable seamless payment transactions in domestic currencies. This is expected to not only help conserve foreign exchange but also boost bilateral trade.

The High Commission of India is organizing a Stakeholders Consultation Meeting on 24th March 2023 where details about the bilateral trade mechanism using local currency and its benefits would be discussed.

Dar es Salaam
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