

Embassy of India
Thimphu

**Reserve Bank of India provides additional currency swap of USD 200 million
(equivalent in INR) to Royal Monetary Authority of Bhutan**

1. The Reserve Bank of India (RBI) and the Royal Monetary Authority of Bhutan (RMA) today signed an Agreement to extend the validity period of the Bilateral Currency Swap Agreement signed on January 31, 2020 and to provide additional swap support to Bhutan. This agreement will enable the RMA to avail of an additional swap amount of up to USD 200 million equivalent in INR (approximately INR 1657 crore or BTN 16.57 billion) from the RBI. This support of USD 200 million INR equivalent is in addition to the extant currency swap support of USD 200 million INR equivalent extended by the RBI. This agreement was facilitated by the Government of India at the request of the Royal Government of Bhutan.
2. The agreement will be valid till June 30, 2023. In the past, the RBI and the RMA have signed bilateral currency swap agreements in 2013, 2016, 2019, and 2020. Under the SAARC Currency Swap Arrangement, the RBI offers an aggregate amount of USD 2 billion both in foreign currency (USD and Euro) and in INR to the requesting countries.
3. The swap agreement between the RBI and the RMA is intended to provide a backstop line of funding for RMA for short-term foreign exchange liquidity requirements or to meet any balance of payments and liquidity crises. The INR swap arrangements have benefited Bhutan in managing the INR liquidity. This facility has also helped to promote trade and investment between the two countries.
4. Additionally, India is currently providing two Standby Credit Facilities (SCF) to Bhutan, of INR 300 crore (BTN 3 billion) and INR 400 crore (BTN 4 billion), whose settlement period was recently extended by another 60 months with a reduced interest rate of 2.5% with effect from 01 July 2022. The SCFs also serve to promote bilateral trade by facilitating payments within India and meeting INR requirements in Bhutan.
5. India and Bhutan enjoy exemplary ties of friendship and close cooperation based on trust and mutual understanding across all sectors, including financial cooperation as brought out above.

Thimphu
November 16, 2022