



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



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RBI/2022-2023/53

A.P. (DIR Series) Circular No.03

May 19, 2022

To

All Category-I Authorised Dealer Banks

Madam/Sir,

Government of India guaranteed term loan extended by SBI to the Government of Sri Lanka- Settlement in INR

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Regulations 3 and 5 of [Foreign Exchange Management \(Manner of Receipt and Payment\) Regulations, 2016](#) in terms of which export / import transactions between ACU member countries are to be routed through the ACU mechanism.

2. In view of the difficulties being experienced by exporters in receipt of export proceeds from Sri Lanka and State Bank of India's credit facility agreement dated March 17, 2022 with the Government of Sri Lanka for sanction of Government of India guaranteed USD 1000 million term loan to the latter for financing purchase of essential goods by Sri Lanka from India, it has been decided that such trade transactions with Sri Lanka, falling under the said arrangement, may be settled in INR outside the ACU mechanism.

3. Under the arrangement, financing of export of eligible goods and services from India, as defined under the agreement, would be allowed subject to their being eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by SBI under this agreement.

4. The above instructions shall come into force with immediate effect. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned and advise them to obtain complete details of the credit facility agreement from State Bank of India's office at International Banking Group, Corporate Centre, State Bank Bhavan, Madame Cama Road, Nariman Point, Mumbai- 400021 or from their website <https://sbi.co.in/web/international-banking/credit-finance/commercial-loans>.

5. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Vivek Srivastava)
Chief General Manager