

Indo-Japanese Agreements for Bilateral Currency Swap arrangement of USD 75 billion

The Hon'ble Prime Ministers of India and Japan, building on great friendship between the two countries and to further strengthen and widen the depth and diversity of economic cooperation, agreed during Hon'ble Prime Minister Shri Narendra Modi's visit to Japan, to conclude a Bilateral Currency Swap Agreement for an amount of USD 75 billion. This Swap arrangement particularly reflects the depth of mutual trust and understanding, personal relationship and warmth between the two leaders built over many years.

This arrangement between Japan and India has been the high point of economic and financial agreements between the two countries, during the visit of the Hon'ble Prime Minister of India. This represents an increase of 50% over last currency swap arrangement between the two countries. It is indicative of close bonds between the two countries nurtured by the two leaders.

The swap arrangement should aid in bringing greater stability to foreign exchange and capital markets in India. With this arrangement in place, prospects of India would further improve in tapping foreign capital for country's developmental needs. This facility will enable the agreed amount of foreign capital being available to India for use as and when the need arises.

To address the issues of outward flow of foreign capital, India has taken various steps towards containing the Current Account Deficit (CAD) and rupee volatility. It has taken various measures to attract foreign capital which include relaxations in the policy for external borrowings and issuance of offshore rupee bonds (Masala Bonds), review of certain restrictions on FPI investment in debt, hike in customs duty for

curtailing imports of non-essential items, promoting exports, financing standing working capital of Oil Marketing Companies by long term external borrowings etc.

The decision of entering into currency swap agreement is another important measure towards improving confidence in the Indian market. This facility will not only enable the agreed amount of capital being available to India on tap for use, it would also help in bringing down the cost of capital for Indian entities while accessing foreign capital market.

The arrangement is another milestone in mutual cooperation between Japan and India

Please contact for any query related to this mail to Ms. Bhawna Kakkar, Research Associate at bhawna.kakkar@phdcci.in with a cc to Dr. S P Sharma, Chief Economist at spsharma@phdcci.in and Ms. Surbhi Sharma, Associate Economist, surbhi@phdcci.in, PHD Chamber of Commerce & Industry.

Warm regards,

Dr. S P Sharma
Chief Economist

PHD Chamber of Commerce and Industry
PHD House, 4/2 Siri Institutional Area
August Kranti Marg, New Delhi-110016
Ph.: + 91-11-26863801-04, 49545454
Fax: +91- 26855450, 49545451
Email: spsharma@phdcci.in
Website: www.phdcci.in



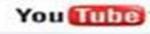
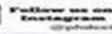
"Towards a Prosperous India"



PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House, 4/2 5th Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

Connect with us:



COPYRIGHT: All rights reserved. No part of this publication/Release may be reproduced, distributed, or transmitted in any form or by any means, without the prior written permission of the publisher. For permission requests, write to the publisher.

DISCLAIMER: This message and its attachments contain confidential information. If you are not the intended recipient, you are strictly prohibited to disclose, copy, distribute or take any action in reliance on the contents of this information. E-mail transmission cannot be guaranteed to be secure or error-free, as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.