

RBI SIGNS \$400 MN CURRENCY SWAP FACILITY FOR SRI LANKA

Relevant for: International Relations | Topic: India - Sri Lanka

The Reserve Bank of India has agreed to a \$400 million currency swap facility for Sri Lanka till November 2022, the Indian High Commission tweeted on Friday.

The Central Bank of Sri Lanka had sought the swap facility to help bolster the pandemic hit island nation's foreign exchange reserves. The RBI's action comes in the wake of a recent bilateral 'technical discussion' on rescheduling Colombo's outstanding debt to India.

The meeting, in which officials from the Ministry of External Affairs, Ministry of Finance, and the EXIM Bank interacted with representatives of the Sri Lankan government, came five months after Sri Lankan Prime Minister Mahinda Rajapaksa had sought a loan moratorium, during his visit to New Delhi in February.

Following the outbreak of COVID-19 in the region, India had proposed a virtual meeting to discuss the request. Sri Lanka owes \$960 million to India.

Meanwhile, government and industry representatives from both countries participated in a webinar on 'Deepening Economic Collaboration between India and Sri Lanka', organised by the Federation of Indian Chambers of Commerce and Industry (FICCI) in association with the Lakshman Kadirgamar Institute of International Relations and Strategic Studies recently.

Addressing the webinar, Sri Lanka's Foreign Secretary Ravinatha Aryasinha said the neighbours could explore possible collaborations in textiles, IT and agribusiness, sectors that India was 'strong in'.

Assuring that Sri Lanka would "facilitate, protect and promote a liberal ecosystem for Indian investors", he welcomed Indian businesses in developing industrial zones, automotive components, pharma, textiles and engineering.

Speaking on Sri Lanka's exports, he said difficulties in market access, often created due to non-tariff barriers in receiving countries, was an impediment, and urged FICCI to collaborate with the Sri Lankan Mission in New Delhi to help boost the export of Sri Lankan spices and concentrates to the Indian market.

The two nations could explore collaborations in textiles, IT and agribusiness

Ravinatha Aryasinha

Foreign Secretary, Sri Lanka

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