

# INDIA EXTENDS \$ 400 MN CURRENCY SWAP FACILITY TO COLOMBO TO ADDRESS ECONOMIC SLOWDOWN

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New Delhi: The Reserve Bank of India in a significant move has signed necessary documents for extending \$ 400 million [currency swap](#) facility to the Central Bank of Sri Lanka. This currency swap arrangement will remain available till November 2022 will help Colombo address the economic hardships caused due by pandemic.

[The Indian High Commission](#) in Colombo has earlier conveyed this information to senior officials in the Government of Sri Lanka and the Central Bank of Sri Lanka. It would be recalled that on July 22, the High Commission facilitated constructive technical discussions on rescheduling of bilateral debt repayment by Sri Lanka, according to a High Commission statement.

"These positive developments illustrate active implementation of the leadership-level commitment to work together for addressing the challenges arising from the COVID-19 pandemic, and further the mutually beneficial India-Sri Lanka partnership, including in the economic domain," according to the statement.

Based on the request from the Sri Lankan side for a currency swap facility under the SAARC Currency Swap Framework, India extended a \$ 400 million currency swap under the SAARC framework.

During the telephone conversation between PM Narendra Modi and President of Sri Lanka, Gotabaya Rajapaksa on 23 May, the President sought assistance of India for currency swap of \$ 400 million under SAARC arrangements and an additional \$ 1.1 billion currency swap, bilaterally.

Modi conveyed India's support to Sri Lanka in dealing with pandemic and economic impact. While the Agreement for USD 400 million currency swap under the SAARC framework is concluded, the bilateral swap request for USD 1.1 billion is being considered.

The request from Sri Lanka came in the backdrop of Sri Lankan economy, like many other countries, slowing down due to the Covid 19 pandemic, informed sources told ET. The increasing foreign exchange outflows in Sri Lanka has been resulting in loss of USD reserves and adding pressure on the Sri Lankan Rupee.

The signing of the currency swap agreement with Sri Lanka illustrates India's commitment to assist its friendly neighbour on its economic revival during the time of Covid-19 pandemic, sources said, adding, India will continue to support Sri Lanka on its efforts for economic revival. Earlier, India assisted Sri Lanka by sending four consignments of essential medicines and equipment in the months of April and May 2020 to fight the Covid-19 pandemic.

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