



INDIA
INTERNATIONAL
BANK (MALAYSIA) BERHAD (911666-D)

Trade Settlement in Indian Rupee (INR) – FAQ

1. What are the products / services provided by IIBM for Trade Settlement in Indian Rupee (INR)?

There are varieties of products / services provided by bank including:

- Issuance and payment of Letter of Credit (LC)
- Bank guarantee as payment guarantee for supply of goods.
- Inward and outward TT (Telegraphic Transfer)
- Advising, confirmation and export bill for payment under Letter of Credit
- Documentary Collection (Import and Export)

Please refer to IIBM for details of products and services offered.

2. Why should I do invoicing in Indian Rupee (INR) when dealing with India businesses? How this new mechanism beneficial to Malaysian traders?

- Your Indian vendor may experience faster payments and an easier account reconciliation process by choosing to pay in Indian Rupee (INR) there by improving cash flows leading to favorable terms.
- Delays in receipt of funds and Difficulty matching credits to invoices can be minimized.
- Better bargaining power by demanding discount on vendor's premium meant for currency fluctuations.

3. How can IIBM help us?

Ans: We at IIBM, blended with Indian and Malaysian seasoned bankers offer following services:

- Our Treasury practitioners are expertized in foreign exchange trading and hedging and employ FX risk management instruments like forwards, and swaps, to manage your exposure at affordable prices.
- Our Trade Finance team provides insights in effective way of invoicing, consultation services on dual currency invoicing, Bill purchase and Bill discounting at competitive price and at quick pace. Letter of Credit (LCs) & Bank Guarantees (BGs) and ODs are provided to support the business.
- We leverage the network of our share holder banks in India for quick solutions.



INDIA
INTERNATIONAL
BANK (MALAYSIA) BERHAD (911666-D)

4. How can an Exporter or Importer in Malaysia can do trade invoicing denominated in Indian Rupee (INR)

Invoicing in Indian Rupee (INR) does not require any specific approvals and can be done in the same way it is being done in other currencies.

5. Is there a minimum transaction size for settling trade in Indian Rupee (INR)?

No.

6. Is hedging required for INR denominated trade?

Hedging is mandatory in case the bills are discounted by IIBM. In case of Bills under collection the traders will have the option to choose hedging facility, but we advise to hedge the exposure.

7. How is the exchange rate (INR/MYR) determined?

For general INR/MYR exchange rate information, one can refer to Bank Negara Malaysia's website, Reuters and Bloomberg. For specific trade settlement transaction, please contact IIBM for the exact exchange rate offered.

8. How can a company remit Indian Rupee (INR) to their counterpart in India for trade settlement?

It is necessary for a company to provide documentary evidence that proof the remittance/ trade settlement is trade related. The remittance transaction must be related to actual trade and up to the actual trade amount.

9. Who is your correspondent banker for Special Rupee Vostro (SRV) arrangement?

Union Bank of India with over 8700+ branches in India and having govt. of India as its major shareholder is the correspondent bank for the SRV Transactions.

10. Is there any restriction on repatriation from Special Rupee Vostro Account (SRVA)?

The balance can be repatriated in freely convertible currency and/or currency of the beneficiary trading partner country.



INDIA
INTERNATIONAL
BANK (MALAYSIA) BERHAD (911666-D)

11. Who has to bear the Hedging cost?

INR outstanding in the account is uncovered and exposed to market movement. The same can be hedged by IIBM at competitive price upon customer request.

12. What are the other charges?

Usual service charges and commission applicable for other currency transactions.

13. Any other reference materials?

Ans: RBI FAQ on SRV Account, APDIR A.P. (DIR Series) Circular No.10 dated July 11, 2022 on International Trade Settlement in Indian Rupee (INR)