RBI Rewrites the SRVA Rulebook

A.P. (DIR Series) Circular No. 19 dated July 17, 2026 replaces five circulars with one instruction on Special Rupee Vostro Accounts

FEMA | CROSS-BORDER TRADE | RUPEE SETTLEMENT | RBI/2026-27/203

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What Is an SRVA, and Why This Circular Matters

A Special Rupee Vostro Account is a rupee account that an Indian Authorised Dealer bank maintains on behalf of a foreign bank. It lets an Indian exporter be paid in rupees and an Indian importer pay in rupees, without the transaction touching the US dollar.

RBI introduced the mechanism in July 2022 to support invoicing, payment and settlement of exports and imports in Indian rupees.

The problem: the framework then grew by accretion. Five separate A.P. (DIR Series) circulars amended, relaxed and clarified it across three years. An advisor had to read all five and work out which paragraph still survived.

Circular No. 19 dated July 17, 2026 ends that. It supersedes all five and states the framework in one place.

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Circulars Consolidated	**New Circular**
Into a single operative instruction	RBI/2026-27/203, effective immediately

Period covered: July 2022 to October 2025. All prior SRVA instructions are now superseded.

The Five Circulars That Have Been Superseded

Circular	Date	Status after July 17, 2026
A.P. (DIR Series) Circular No. 10	July 11, 2022	Superseded
A.P. (DIR Series) Circular No. 08	November 17, 2023	Superseded
A.P. (DIR Series) Circular No. 11	June 11, 2024	Superseded
A.P. (DIR Series) Circular No. 08	August 5, 2025	Superseded
A.P. (DIR Series) Circular No. 14	October 3, 2025	Superseded
A.P. (DIR Series) Circular No. 19	**July 17, 2026**	**The operative instruction**

⚠ If your FEMA notes still cite Circular No. 10 of July 11, 2022 as the operative SRVA instruction, they are now wrong.

The Biggest Change: No Prior RBI Approval

An Authorised Dealer Category-I bank in India may open a Special Rupee Vostro Account for its own branch outside India, or for a bank resident outside India, in terms of Regulation 7(1) of the Foreign Exchange Management (Deposit) Regulations, 2016.

The case-by-case prior approval from the Reserve Bank that sat in the original 2022 framework does not survive in the consolidated circular.

What this means in practice: opening an SRVA line is now a commercial and due diligence decision at the bank, not a regulatory application with an uncertain timeline.

The constraint has shifted from RBI to your bank's own correspondent banking, KYC and sanctions screening on the foreign bank.

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RBI Approvals Required

Opening an SRVA is now a bank-level commercial decision

The gating item is no longer a regulatory application. It is your bank's correspondent banking and KYC process.

What an SRVA Can Be Used For, and How It Is Funded

Permissible Uses

- Settlement of cross-border trade in rupees, as an additional arrangement that sits alongside existing foreign currency channels and does not replace them.
- Invoicing, payment and settlement of exports and imports in Indian rupees.
- All permissible current account and capital account transactions under FEMA.
- AD banks may open an additional account exclusively for settlement of export and import transactions, useful to ring-fence trade flows for reporting and reconciliation.

Permissible Credits

Inward Remittances

From outside India into the SRVA

Repatriable Rupee Transfers

Transfers from other repatriable rupee accounts

FEMA Transaction Proceeds

Proceeds accrued through permissible current and capital account transactions under FEMA

Surplus Rupee Balances Can Now Be Invested

This is where the framework has moved furthest from 2022.

A foreign bank holding rupee balances in an SRVA is not obliged to leave them idle. Investment in debt instruments out of SRVA balances is permitted, governed by the Master Direction, Reserve Bank of India (Non-resident Investment in Debt Instruments) Directions, 2025, as amended from time to time. This covers Central Government securities and treasury bills.

Why the economics matter more than the compliance detail: the single biggest objection a foreign counterparty raises to rupee settlement is that it ends up holding a currency it cannot deploy. Letting the balance earn a sovereign yield instead of sitting flat attacks that objection directly.

This is the main reason rupee settlement lines have become easier to negotiate over the past year.

Central Government Securities

Sovereign-backed instruments available for SRVA balance investment

Treasury Bills

Short-duration sovereign instruments eligible under the 2025 Master Direction

Idle Balance Problem Solved

Foreign counterparties can now earn a sovereign yield on rupee holdings rather than leaving balances flat

Who Is Affected

Exporters

Ask your AD bank two questions. Does an SRVA line already exist with a bank in the buyer's country, checked against the FEDAI SRVA directory. If not, what would it take to open one, now that RBI approval is not the gating item. Rupee invoicing also removes your transaction exchange risk on that contract.

Importers

Rupee settlement removes the need to buy foreign currency for the payment leg, which removes both the spread and the timing risk. The constraint is on the other side: your supplier's bank must be willing to hold and deploy rupees. The investment relaxation makes that conversation materially easier.

CAs and Advisors

Update your FEMA reference notes. Every client memo, checklist and training deck citing the 2022 circular is stale. This is the second FEMA consolidation exercise in 2026, following the withdrawal of 732 defunct circulars in June 2026.

Four Caveats That Catch People Out

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Export Realisation Obligations Unchanged

The FEMA realisation period applies to a rupee-invoiced export exactly as it does to a dollar-invoiced one. The current period is 9 months, moving to 15 months from October 1, 2026 under the FEMA (Export and Import) Regulations 2026.

2

Consolidation Is Not Liberalisation

Circular No. 19 restates and rationalises. It does not open a new category of transaction that was previously barred.

3

The Real Risk Has Moved, Not Disappeared

With the RBI approval layer removed, correspondent bank due diligence and sanctions screening is where the exposure now sits.

4

Reporting Continues Unchanged

Documentation and reporting of cross-border transactions through an SRVA remain governed by the extant guidelines under FEMA 1999.

Action Plan and Key References

Check FEDAI Directory

Verify countries you trade with in the FEDAI SRVA directory.

Reprice Option

Compare all-in rupee settlement cost vs current FX route.

Replace Citation

Update all FEMA notes to cite Circular No. 19 dated July 17, 2026.

Re-test Realisation

Ensure rupee-invoiced exports are realised within FEMA period.

Key References

- A.P. (DIR Series) Circular No. 19, July 17, 2026, RBI/2026-27/203.
- Regulation 7(1), FEM (Deposit) Regulations, 2016.
- Master Direction, RBI (Non-resident Investment in Debt Instruments) Directions, 2025.
- FEDAI SRVA directory.

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