

# Signing of the Bilateral Swap Arrangement between Japan and India

June 30, 2008

Ministry of Finance of Japan

Bank of Japan

Ministry of Finance of India

Reserve Bank of India

1. The Bank of Japan (BOJ), acting as the agent for the Minister of Finance of Japan, and the Reserve Bank of India (RBI) concluded a Bilateral Swap Arrangement (BSA) between Japan and India. The BSA was signed by Governor Masaaki Shirakawa of the BOJ and Governor Yaga Venugopal Reddy of the RBI in Basel, Switzerland and became effective as of June 29, 2008.
2. The BSA enables both countries to swap their local currencies (i.e., either Japanese yen or Indian rupee) against US dollar for an amount up to USD 3 billion.
3. The arrangement aims at addressing short-term liquidity difficulties and supplementing the existing international financial arrangements, as one of the efforts in strengthening mutual cooperation between Japan and India.
4. The BSA will be activated when an IMF-support program already exists or is expected to be established in the near future. Nevertheless, up to 20 percent of the maximum amount of drawing could be disbursed without an IMF-support program.
5. Both countries shall have biannual consultations on economic and financial conditions of each country with the BSA in effect.
6. This arrangement is a milestone in mutual cooperation between Japan and India and is expected to contribute to the stability of financial markets.