

Exporters hopeful of better business with Russia

GATHERING STEAM. UCO Bank opens Gazprombank's account; Sberbank agrees not to charge 4% premium for settling trade in rupee

Amiti Sen
New Delhi

Exporters are hopeful of greater business with sanction-hit Russia as India's rupee-trade with the country is set to gain momentum with the banking mechanism now falling in place.

"Action is finally taking place on the banking front. UCO Bank, which got RBI approval in October, opened Gazprombank's vostro account just a few days ago and is ready for business.

PROBLEMS SOLVED

"Even after the RBI gives its approval, it takes time for the banks to approach partner banks and get other related approvals. Now that it has finally happened, UCO

"We will now get in touch with engineering goods exporters to discuss how they can start using the banking platform to carry out exports in rupee."

ARUN GARODIA
EEPC Chairman

Bank and Gazprom can start rupee trade full-fledged and exporters from India can start using the platform. Hopefully payments for oil purchased from Russia can be made in rupee now," a source tracking the matter told *businessline*.



While Russia's Sberbank and VTB have already opened accounts with their own branch offices in India, there were teething problems that are being sorted out. "Sberbank has now agreed not to charge a 4 per cent premium for settling

trade in rupee," EEPC Chairman Arun Garodia said. Sberbank may also be ready to discount the documents of Indian exporters in rupee.

"We will now get in touch with engineering goods exporters to discuss how they can start using the banking platform to carry out exports in rupee," he said.

RBI'S NOD TO BANKS

The RBI has also given its approval recently to HDFC Bank and Canara Bank to open vostro accounts of Russian banks and with some time, these would also start operations, pointed out Ajay Sahai, Director General, FIEO. IndusInd Bank has also got approval to open six vostro accounts.

"There is a lot of interest

"Now that the banking mechanism is taking shape, India's exports to Russia will surely rise."

AJAY SAHAI
Director General, FIEO



from Russia to import from India and they have been sending us various list of items they want to buy. Now that the banking mechanism is taking shape, India's exports to Russia will surely rise," Sahai said.

Russia was the target of various economic and banking sanctions from the West, including the EU and the US, following its attack on

Ukraine in February this year. Russian banks have been banned from using the SWIFT messaging system that effectively stopped them from participating in international trade.

The RBI, in July this year, allowed international trade in rupees creating the possibility of doing business with Russia in rupees and bypass the sanctions im-

posed by the West. Russia, which is facing a shortage of items due to the West's sanctions including auto parts, buttons, bleaching agents, refrigerator parts and several industrial equipment, is also keen to buy more from India.

India's imports from Russia increased 410 per cent to over \$21 billion in the first six months of this fiscal due to a sharp increase in imports of crude and fertiliser, which has led to a trade gap of about \$20 billion that could be bridged as Indian exports rise.

The rupee trade mechanism will allow India to pay for Russian oil and fertilisers in rupee which can be then used by Russian companies to pay for their imports from India.