

● ROBUST RESPONSE

35 nations show interest in ₹ trade

Govt considering special awareness drives through IBA

BANIKINKAR PATTANAYAK
New Delhi, December 7

ABOUT 30-35 COUNTRIES, including those from Asia, Scandinavia and Africa, have expressed interest in better understanding the proposed rupee trade mechanism for possible adoption, banking and trade sources told FE.

The "robust response" has prompted the government and the central bank to plan special drives and workshops to sensitise trade clients and other stakeholders about settling bilateral trade in the rupee, said the sources.

Given the technical and other issues involved in the operationalisation of such a mechanism, the finance ministry has asked the Indian Banks' Association (IBA) to spearhead the awareness campaign.

The Indian Banks' Association will be guided by the Reserve Bank of India (RBI) in this exercise, they added.

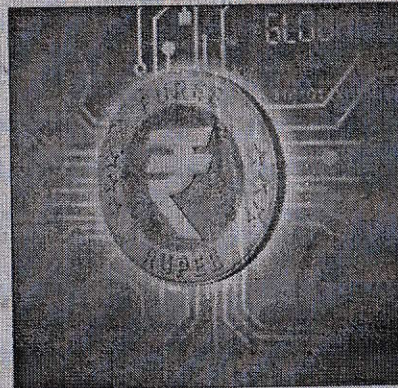
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EASING FLOW OF PAYMENT

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grappling with a shortage of dollar reserves. To be sure, some countries have sent responses on the proposed mechanism while others have sought to know it better.

The decision on the awareness campaign was taken at a meeting convened by the department of financial services on December 5 to brainstorm on ways to promote the settlement of international trade in the rupee, the sources said. "Easing the flow of payment from certain (sanctions-hit or crisis-ridden) countries through the rupee trade is just one part of it. The

bigger aim is to internationalise the rupee. So, any country can choose to implement it. That's why developing a credible system is very important," said one of the sources.

"The awareness campaign will set the stage for greater and easier adoption of rupee trade by others," the source added. The sources said there isn't going to be any bar on any bank wishing to settle international trade in the rupee with any country.

However, Uco Bank and IndusInd Bank may take the lead in implementing the settlement mechanism with

Russia and Punjab National Bank may get to do so with Myanmar.

Recently, commerce secretary Sunil Kumar Barthwal said nine special vostro accounts by Russian banks have been opened with two Indian banks following the RBI's approval. Russia's top two banks—Sberbank and VTB Bank—are the first foreign lenders to have received the clearance.

Another Russian bank Gazprom has also opened such an account with UCO Bank. The Reserve Bank of India had in July notified the new mechanism for the rupee trade to reduce the depreciation of the domestic currency against the dollar.

Subsequently, the commerce ministry notified guidelines that will enable exporters to get stipulated benefits under the foreign trade policy even if the export realisation is in the domestic currency, and not dollar.

According to the notification of the directorate general of foreign trade, domestic firms undertaking imports through this mechanism will make payment in the rupee, which will be credited into the special vostro account of the correspondent bank of the partner country, against the invoices for the supply of goods or services from the overseas seller/supplier.

Russia's list of imports from India shared with exporters

PRESS TRUST OF INDIA
New Delhi, December 7

THE COMMERCE MINISTRY has shared with exporters a list of hundreds of goods such as auto parts and textile that Russia has provided to India for imports, an official said.

Russia, on which sanctions have been imposed by western countries due to its invasion of Ukraine, has shared a list of hundreds of items from sectors including pharmaceuticals, textiles, auto components, and chemicals. "Russia wants to import these goods from India. The list has been shared by the ministry with the concerned export promotion councils and exporters to look into whether they can ship those products to Russia," the official said.

Experts say it would not be easy for Indian exporters to ship these goods to Russia as they are facing problems with regard to availability of containers. "Indian exporters may be in a position to supply these materials but currently the availability of ships and containers for Russia is quite depleted," an expert said.