

# India pushes for rupee trade with Sudan

## Bankers from both countries exploring special rupee vostro accounts

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India has reached out to Sudan towards settlement of international trade in rupee as part of its push towards internationalisation of the domestic currency.

“We have reached out to Sudan through the ministry of external affairs and have made our proposal. Sudan is yet to take a decision on this,” an official told *Business Standard*. If implemented, India will be able to import crude oil from the African country, and make the payment in local currencies. This can

boost exports and save the country’s forex reserves that are currently under pressure, the official said.

Separately, Ambassador of India to Sudan, B S Mubarak, and key member banks of both the countries last month discussed the opportunities for bilateral trade and investment. Bankers from India and Sudan discussed the modalities and decided to explore the correspondent banking relationship as well as special rupee vostro accounts option between both the countries.

Sudan is India’s 75th largest trading partner. The total trade between the two stood at \$1.21 billion as com-



pared to India’s total trade of over \$1 trillion during 2021-22. India exported goods worth \$1.07 billion during the last fiscal year, while imports were to the tune of \$129 mil-

lion only.

India primarily exports food products, petroleum, manufactured goods, machinery and equipment, chemicals, including pharmaceuti-

cals and textiles to Sudan, and imports items such as sesame seed, cotton, watermelon seeds, hides and skins and ground nuts. India currently doesn’t import oil from the African nation. In July, the RBI had unveiled a mechanism to settle international transactions in rupee to promote the growth of global trade, with emphasis on exports from India. Most importantly, the move is a recognition of the Indian rupee as an international currency. Some banks, such as YES Bank, are in the process of establishing the rupee-mechanism, with countries such as Russia.

Since then, bankers have had meetings with Russia, Cuba, and Luxembourg towards exploring bilateral trade with these countries through rupee payment mechanism. Separately, commerce and external affairs ministry officials have also been pushing rupee trade with Saudi

Arabia and the United Arab Emirates.

During its meeting with Commerce and Industry Minister Piyush Goyal, the Federation of Indian Export Organisations (FIEO) said it was looking up additional exports in Russia through rupee payment mechanism.

FIEO has requested Goyal to look into extending this mechanism for exports to countries having an acute forex shortage.

**IF IMPLEMENTED, INDIA WILL BE ABLE TO IMPORT CRUDE OIL FROM THE AFRICAN COUNTRY, AND MAKE THE PAYMENT IN LOCAL CURRENCY. THIS CAN SAVE INDIA'S UNDER-PRESSURE FOREX RESERVES**