

# Russia seeks to buy more from India to beat Western sanctions

**Amiti Sen**  
New Delhi

Russia has sought to significantly boost Indian imports and pursue joint ventures to deploy the growing rupee balance in its vostro accounts – a direct result of over 90 per cent of bilateral trade now being settled in local currencies following Western sanctions, said sources.

“Following Russian President Vladimir Putin’s visit to India with his business delegation, a lot of Russian companies are in touch with Indian companies, seeking to buy more from India. Many of them are planning to visit India in January to take their plans forward,” said Ajay Sahai from the Federation of Indian Export Organisations (FIEO).

## **RBI DATA**

Vostro accounts are those held by a domestic bank on behalf of a foreign bank in which trading partners can hold rupee-denominated balances emerging from trade transactions. While the RBI has not officially put out data on the rupee balance in Russian vostro accounts, it is likely to run into billions of dollars. Putin acknowledged during his India visit that



**STRATEGIC PARTNERSHIP.** Putin acknowledged that more than 90% of the bilateral trade takes place in local currencies

more than 90 per cent of the bilateral trade now takes place in local currencies.

“There is big interest in items such as food and agriculture, home textiles, footwear, engineering goods, IT and ITES and logistics. FIEO, too, will mount two delegations to Russia over the next couple of months,” Sahai added.

## **HUGE SCOPE**

The scope for growth of Indian exports, which was just \$4.9 billion in FY25, is huge as it comprised roughly 2 per cent of the country’s total imports. In sharp contrast, India’s imports from Russia

were at \$63.8 billion, comprising mostly crude, leading to a deficit of about \$59 billion.

“Although India’s oil imports from Russia is expected to decline due to US sanctions on Russian oil companies, purchases from non-sanctioned companies will continue, and both sides are determined to meet the \$100 billion bilateral trade target of 2030,” said a government source.

“We are hopeful of a sharp rise in exports of engineering products to Russia as there is a demand for all kinds of items. As the Russian government is now paying for

our exports with Indian rupee collecting in their vostro accounts [because of payments for Russian oil by India], there would be a big surplus given India’s trade deficit with Russia, and there is a lot of optimism among exporters about the future,” said Pankaj Chadha, Chairman Engineering Export Promotion Council. While some big Indian companies may hesitate in doing more business with Russia because of their exposure to the Western markets and fears of sanctions, MSMEs are very keen to explore the market, Chadha explained.

Western countries, including the US and the EU, have imposed various economic and banking sanctions on Russia on account of its long-drawn war with Ukraine. “Small and medium exporters need to be taken to Russia to help them secure orders. The government’s market access initiative scheme should be used to help small exporters in tapping the Russian market,” said Chadha. Commerce Secretary Rajesh Agrawal said that during Putin’s recent India visit, the message was positive from the Russian industry and regulators that pathways need to be cleared for more exports from India to Russia.