

# Govt looks to allay exporters' Russia payment concerns

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**THE COMMERCE MINISTRY** is in talks with the finance ministry to address fresh payment issues with Russia involving Indian exporters, an official source told *FE*.

"While payments for Indian exporters are flowing in, efforts have been on to expedite the payment flow. All the issues raised by exporters are being looked into," he said.

In a meeting with commerce minister Piyush Goyal on November 7, some exporters had also flagged concerns about Sberbank, Russia's largest bank, charging a premium to settle trade payment, in addition to the delay in the flow of payments for supplies to Russia. Arun Kumar Garodia, chairman of engineering exporters' body EEPC India, had said Sberbank was "charging higher exchange rate than the market, leading to a rise in transaction costs". The meeting was convened to brainstorm ways to boost exports in times of a global turmoil.

At present, Indian exporters are getting payments in the dollar or euro through small Russian banks that have not yet been sanctioned by the US and its allies in the wake of the Ukraine war. But the process is very time-consuming and causes delay in the payment flow. Consequently, while sanctions-hit Russia has offered to buy a wide range of products from India, persisting payment challenges, on top of logistics challenges, have dragged down despatches from this country.

India's exports to Russia dropped 19% in the first half of this fiscal to \$1.3 billion, far underperforming a 17% rise in the country's overall merchandise exports during this period.

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## RELIEF IN SIGHT

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tives to divert their supplies. Russia could emerge as a strong buyer if logistics challenges, mainly caused by the reluctance of global shipping companies to carry goods there, and payment issues are addressed swiftly.

From farm and food products to pharmaceuticals and FMCG products, firms in sanctions-hit Russia have already evinced unusual interest in sourcing a broad range of items from India. But, as *FE* had earlier reported, shipping goods to Russia by taking advantage of the opportunities is easier said than done.

The latest firm to show interest in scaling up its imports from India was X5 Group, Russia's top food retailer. Similarly, in a communication to its members on April 7, state-backed pharma export body Pharmexcil has said the Indian embassy in Moscow has been approached by Russian firms. The Russian companies that have shown interest include New Technologies, Pharmstandard, Appolo, Pharmamed and Simkodent.