

Exports to Russia pick up for second month in a row

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New Delhi, 19 December

As sanctions-hit Russia increasingly relies on consumer products from India, outbound shipments to Russia have started picking up for the second consecutive month in October. This comes after it witnessed contraction for six consecutive months starting March, commerce and industry ministry data showed.

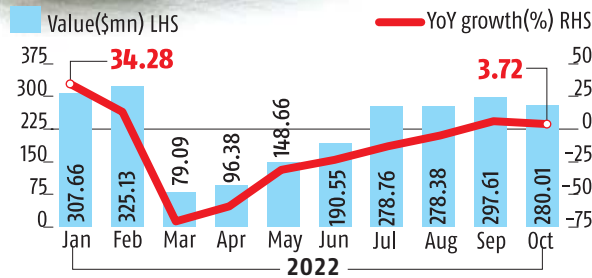
During October, India exported goods worth \$280 million, up 3.7 per cent as compared to a year ago. It was led by demand for items such as vegetables, tea, coffee, chemicals as well as iron and steel products. Similarly, in September, the growth was nearly 6 per cent, with India exporting goods worth \$297.61 billion to Russia.

On a cumulative basis, exports to the country fell nearly 16 per cent year-on-year (YoY) to \$1.57 billion during the first seven months of the current fiscal.

Exports to Russia started faltering soon after it invaded Ukraine on February 24. And, Western nations led by the United States (US) imposed economic sanctions to isolate



INDIA'S EXPORTS TO RUSSIA



Source: Department of Commerce

Russia from global trade.

Going forward, traders expect exports to Russia to pick up as logistics-related challenges are improving. And also, implementation of rupee trade will facilitate easier trade with the nation.

Ajay Sahai, director-general (D-G) and chief executive office (CEO) of the Federation of Indian Exports Organisation (FIEO) said exports to Russia are expected to substantially

pick up in 2023.

“The logistics-related challenges have started easing, and alternative shipping routes via Turkey are also being considered. Besides, rupee trade is expected to start from this month as a special rupee vostro account has already been opened with Indian banks to facilitate payments. The situation is much better than what it used to be a few months ago,” Sahai said. He added that exports to

Russia are expected to gather pace in the next two-three months.

According to FIEO's estimate, India can add about \$5 billion exports to Russia in a year's time.

Russia's prominence as India's trading partner has been growing since its conflict with Ukraine.

Russia is now India's fifth largest trading partner, with nearly 4 per cent of India's global trade during April-October.

This has, however, been driven by India's rising dependence on the country towards the supply of discounted crude oil.

The share of exports was 0.59 per cent, while that of imports was 5.74 per cent.

India imported goods worth \$4.69 billion in October from Russia, up 6.6 times as compared to the same period last year, according to commerce and industry data.

The jump was led by a sustained demand for crude oil that accounted for 68 per cent of the total imports from Russia.

This has made the sanctions-hit nation India's third largest import partner of the commodity during the first seven months of FY23.