

# RBI speeds up Russian ₹ trade approval; exporters face issues

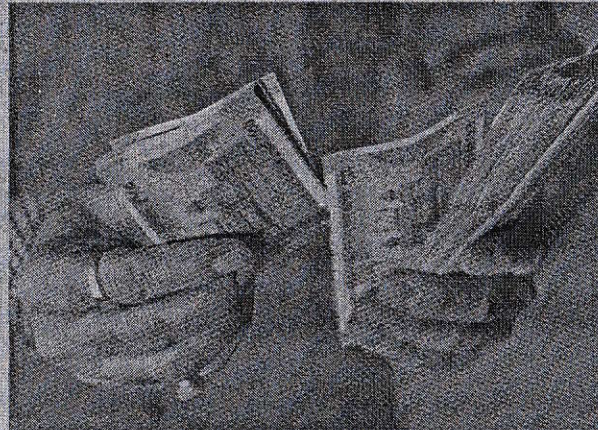
**THE HOLD UP.** Shippers say banks not issuing realisation certificates; RBI vows resolution

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To give a boost to the rupee trade with sanction-hit Russia, the Reserve Bank of India (RBI) has extended its approval to 14 Indian banks, including UCO, YES, SBI, HDFC, Canara and IndusInd, to open special rupee vostro accounts in partnership with correspondent banks in Russia.

But exporters say the mechanism is yet to take-off smoothly as many Indian banks were hesitating to issue Bank Realisation Certificates (BRCs) to them, in the absence of which, they could not claim export incentives and benefits offered by the government. BRCs are confirmations that exporters have received payment for their exports from buyers.

"Exporters took up the issue with the RBI in a recent meeting that was also attended by officials from the Department of Financial Services. The RBI assured them that it will sort out the matter



**THE OBJECTIVE.** The Centre expects India's exports to Russia to rise once the rupee trade mechanism takes off as Russian buyers can use the route to make purchases

soon," an official tracking the matter told *businessline*.

## INSURANCE COVER

Insurance cover for consignments to Russia is also a cause of worry for exporters, especially with Russian banks increasingly coming under European sanctions.

However, the Export Credit Guarantee Corporation (ECGC), the country's

primary export credit agency operating under the Ministry of Commerce, explained that while ECGC coverage was not available to Russian banks in the EU sanctions list, including VTB bank, cover would be available if the banks opened vostro accounts with Indian lenders for rupee settlement.

## BOOSTING EXPORTS

"The RBI is doing its bit to en-

courage rupee trade by expediting the vostro arrangement between Indian banks and correspondent banks in Russia.

"But the government has to also ensure that the system works on the ground for exporters. Banks have to be urged to be not so risk averse that they do not carry out basic functions like issuing BRCs," a Kolkata-based exporter said.

India's imports from Russia zoomed 413 per cent in April-October 2022 to \$25.12 billion compared to the same period last fiscal. However, exports to Russia increased only 2.12 per cent to \$1.65 billion creating a glaring trade deficit.

The government expects India's exports to Russia to rise once the rupee trade mechanism takes off as Russian buyers can use the rupee payment for the oil bought by India to make their purchases.

Russian banks which will act as correspondent banks include Gazprom, VTB, Sberbank, Ros, MTS, Tinkoff, PJSC bank and Credit Bank.