

SBI to facilitate trade in ₹ with Russia after RBI nod

9 Indian banks have so far got permission to open 17 special vostro accounts

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State Bank of India (SBI) has changed its previous stance and will now facilitate trade settlement in the rupee with sanctions-hit Russia, in line with its private sector peer HDFC Bank, said people aware of the matter.

It is learnt that the Reserve Bank of India (RBI) gave its approval for Russia's Bank Zenit PJSC to open a special rupee vostro account with state-owned SBI, India's largest lender.

A total of nine Indian banks have approval to open 17 special vostro rupee accounts for overseas trade with Russia. These are: UCO Bank, Indian Bank, HDFC Bank, YES Bank, IndusInd Bank, IDBI Bank, Canara Bank, Union Bank of India and SBI. Russia's two largest banks — Sberbank and VTB Bank — operate vostro accounts in India. SBI did not respond to an emailed query sent by *Business Standard*.

Before the arrangement for payments with Russia, the RBI allowed SBI to start overseas trade in rupee with Mauritius and Sri Lanka. Two special vostro rupee accounts from SBI Mauritius and People's Bank of Sri Lanka have been opened with SBI.

After the rupee trade



ILLUSTRATION: BINAY SINHA

READY FOR TRADE SETTLEMENT IN ₹

| India-based dealer banks | Correspondent bank in Russia |
|--------------------------|---|
| UCO Bank | Gazprombank, Credit Bank of Moscow |
| IndusInd Bank | MTS Bank, BCS Bank, Bank Soyuz, Tinkoff Bank, Credit Europe Bank, PSCB Bank |
| Union Bank of India | Rosbank, Tinkoff Bank |
| Canara Bank | MTS Bank |
| HDFC Bank | JSCB Soyuz (JSC), Primsotsbank SCPB PJS |
| YES Bank | Tinkoff Bank |
| State Bank of India | PJSC Bank Zenit |
| IDBI Bank | Primsotsbank SCPB PJS |
| Indian Bank | Absolut Bank |
| JSCVTB (India branch) | VTB (PJSC) |
| Sberbank (India branch) | Sberbank |

Source: Government officials

mechanism was announced in July, banks raised their concern with the RBI and the finance ministry if they risked economic sanctions by the West for facilitating bilateral payments with Russia. Large lenders having

assets overseas and exposure to dollars were quite concerned, bankers earlier told *Business Standard*.

The finance ministry asked banks to deal with their Russian counterparts untouched by sanctions, and those not blocked from the SWIFT system while settling international trade in rupees.

“Until now, large public sector lenders such as SBI, Bank of Baroda were reluctant to handle (international trade) payments related to Russia. Now there has been some push from the finance ministry and the RBI to also facilitate such transactions. However, they have been ‘strictly’ asked not to take any risk and deal with any sanctioned entity,” one of the persons cited above told *Business Standard*.

The rupee trade mechanism was announced not only to facilitate international trade payments with Russia, but is also India's attempt at internationalising its currency.

Exporters hope exports to Russia will pick up with the implementation of the rupee trade will also facilitate easier trade with the nation. In October, India exported goods worth \$280 million, up 3.7 per cent as compared to a year ago, according to commerce and industry ministry data.