

UAE, India working out rupee, dirham payment mechanism

BIG GAINS. Indian shippers enjoyed duty concession benefits worth \$151 m due to FTA

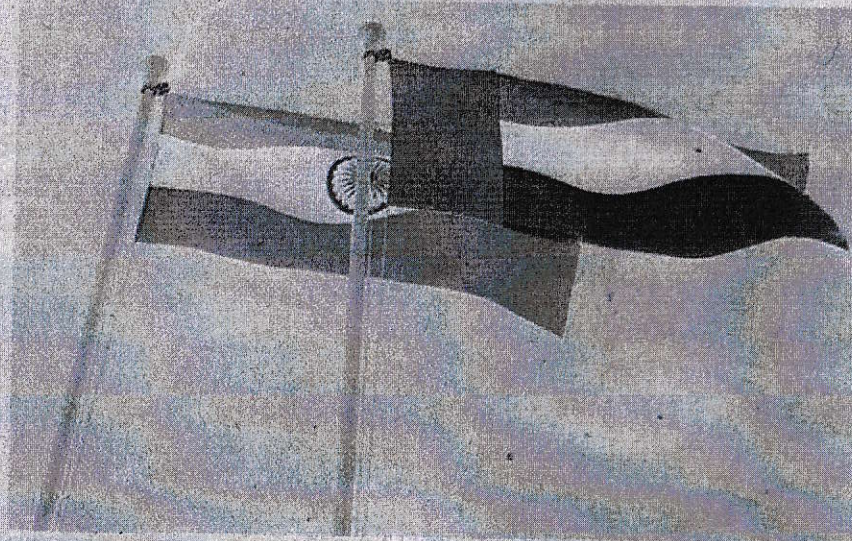
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In a significant boost to India's efforts to push international trade settlement in rupee, the Central bank of the UAE has started discussions on a rupee-dirham payment mechanism with the RBI based on a concept note shared by India, senior officials have said.

"The issue of exploring the possibility for a rupee-dirham payment mechanism came up at the 14th India-UAE Joint Commission Meeting in September this year at Abu Dhabi, led by Minister for External Affairs S Jaishankar and Foreign Minister of UAE Sheikh Abdullah bin Zayed Al Nahyan.

Both sides felt that this



TRADE BOOST. The UAE is India's 3rd largest trading partner with bilateral trade projected to surpass \$88 billion in 2022-23

will be of mutual benefit given the huge existing bilateral trade," according to India's Ambassador to the UAE Sunjay Sudhir.

The Indian government then prepared a concept paper for trade in local curren-

cies and shared it with the UAE.

FTA BENEFITS

"The UAE has now appointed a nodal person to carry out discussions with India. Talks are now on between

the two Central Banks of the country," Sudhir said.

The India-UAE free trade agreement, launched in May, too, has got off to an encouraging start with Indian exporters already getting duty concession benefits worth \$151 million in the last six months in sectors such as textiles, gems & jewellery, edible fruits and nuts and electric machinery, according to the Commerce Department.

BLOOMING BIZ

Since the UAE is India's third largest trading partner, with bilateral trade projected to surpass \$88 billion in 2022-23, trading in local currencies will lead to both sides reducing transaction costs and also help India preserve its foreign exchange reserves.