

'Re trade' starts, first deals with Russia

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SETTLEMENT OF FOREIGN trade in rupee has finally taken off, with a few transactions involving Russian firms having taken place recently, trade sources told *FE*. This is the first set of transactions since the Reserve Bank of India (RBI) introduced guidelines in July to promote the settlement of international trade in rupee.

At least a dozen-and-a-half vostro accounts have been opened so far to facilitate the rupee trade with not just sanctions-hit Russia but also Sri Lanka and Mauritius. So, more such transactions are likely to take place in the coming

ALTERNATIVE MECHANISM



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months, said the sources. This may spur exports to Moscow, which declined 16% until October this fiscal from a year ago to \$1.6 billion due to the

delayed flow of payments, despite renewed interest shown by Moscow to source more goods from India, they added.

As *FE* had reported, about

30-35 countries, including those from Asia, Scandinavia and Africa, have expressed interest in better understanding the proposed rupee trade mechanism for possible adoption. These countries include neighbours, such as Sri Lanka, Bangladesh, Nepal and Myanmar, which have been grappling with a shortage of dollar reserves. So, there is a huge scope to boost the rupee trade, senior government officials believe.

Russian banks like Sberbank, VTB, Gazprom, BCS, MTS, Tinkoff, Soyuz, Credit Europe Bank (Russia), PSCB, Ros and JSCB have opened such accounts.

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Six of these accounts have been opened with IndusInd Bank, and one each with UCO Bank, HDFC Bank, Union Bank of India and Canara Bank. Sberbank and VTB has opened one such account with their local branches here.

SBI Mauritius and People's Bank of Sri Lanka have opened vostro accounts with State Bank of India. Sri Lankan banks — Seylan Bank, NDB Bank and Commercial Bank of Ceylon — have opened these accounts with Indian Bank. Bank of Ceylon has opened one such account with its own branch in India. Director general of foreign trade Santosh Kumar Sarangi recently said the Indian Banks' Association and the Federation of Indian Export Organisations will undertake an awareness campaign to sensitise stakeholders about the rupee trade.