

Exporters flag fresh payment issues for supplies to Russia

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EXPORTERS ON MONDAY highlighted fresh payment issues with Russia and the need for an alternative payment mechanism for despatches to Myanmar at a review meeting chaired by commerce and industry minister Piyush Goyal. It was convened to brainstorm ways to boost outbound shipments amid a slowdown in advanced markets.

Export promotion bodies also urged the government to hold talks with the EU, which is set to withdraw from January 2023 benefits of its duty-free access to select Indian goods under the Generalised System of Preferences (GSP).

Arun Kumar Garodia, chairman of Engineering exporters' body EEPC India, flagged the issue of large Russian bank "Sberbank charging higher exchange rate than the market, leading to a rise in transaction costs". While sanctions-hit Russian offers to buy a wide range of products from India, persisting payment challenges have dragged down despatches from this country.

Given that the government

TRADE TALKS

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is unlikely to allow the recently-announced rupee-trade mechanism for goods despatches to Myanmar, which is in the "black list" of the Financial Action Task Force (FATF), Garodia also requested the government to firm up alternative payment systems to enable

trade with the neighbour.

As for the EU's proposed withdrawal of GSP benefits, Indian goods worth about \$7.8 billion could lose the duty benefits, showed the estimates by the Federation of Indian Export Organisations (FIEO). As many as 1,800 raw materials as well as finished goods exports from India, including stone, plastics, machinery, and engineering goods, are currently covered under the GSP, according to FIEO.

At the meeting, Goyal impressed on exporters to strive to retain export markets even if they are to make temporary changes in their pricing structure to accommodate short term challenges. "He encouraged exporters to explore unique products with good export potential such as castor and instructed officials of the ministry to act proactively to promote these products," the commerce ministry said in a statement.

Merchandise exports rose just 4.8% in September from a year before to \$35.5 billion, as easing global commodity prices, on top of a slowdown in demand from key markets, continued to hurt order flow for a third straight month.