

## ● SBI SHOWS INTEREST

# Rupee trade with Russia expected to start soon

FE BUREAU

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**TRADE WITH RUSSIA** in rupee may start soon, with the State Bank of India having been authorised to promote it, the chief of the apex exporters' body said on Wednesday.

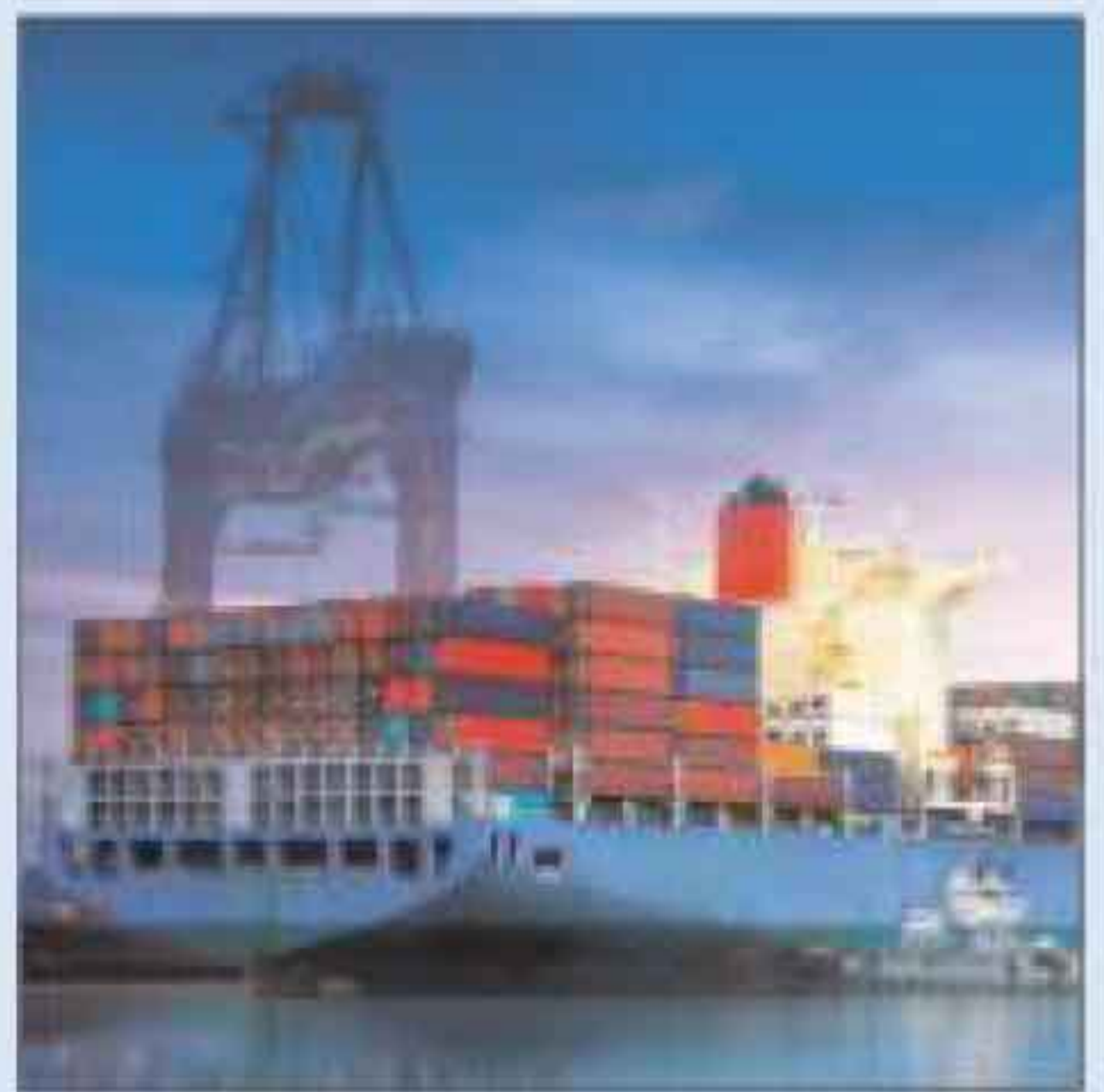
Moscow is expected to name its bank to operationalise the mechanism in a fortnight, the Federation of Indian Export Organisations (FIEO) president A Sakthivel said. India's merchandise exports to Russia crashed by 30% between April and July to \$714 million, despite Moscow showing greater interest in sourcing goods from New Delhi.

The drop in exports is caused primarily by delayed payments in the wake of Western sanctions against key Russian financial institutions for its invasion of Ukraine and logistics challenges, he said.

Once the rupee settlement takes off, exports to Russia may rise to about \$5 billion in FY23, against \$3.3 billion a year before, Sakthivel said. Exporters have been pushing the government to help roll out the rupee settlement mechanism fast. On July 11, the RBI in July notified the mechanism to settle international trade in rupees to reduce the depreciation of the rupee against the dollar. On Tuesday, finance minister Nirmala Sitharaman said many countries have now expressed interest for settling bilateral trade with India in the rupee.

**Exports may touch \$470 billion in FY23**

Ajay Sahai, director general of the FIEO, said the country's merchandise exports will likely rise



### NEW MECHANISM

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11% year-on-year to about \$470 billion. However, while things are still in a flux, export growth will slow down this fiscal, given the external headwinds and high base effect, he added.

**FIEO pitches for higher interest subsidy**

Ahead of the rollout of the foreign trade policy, Sakthivel sought the restoration of a 5% interest equalisation benefit to MSME (manufacturing) exporters and 3% for the rest to help them cope with external headwinds.