

PAYMENTS STILL AN ISSUE, INDIA AND RUSSIA WORKING TOWARDS A SOLUTION

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

Trade deals:S. Jaishankar and Sergey Lavrov exchange notes after a press conference in Moscow on Tuesday.APMAXIM SHIPENKOV

With larger payments still an issue, of which defence deals account for a large part, India and Russia are trying to find a workaround, and this was one of the issues External Affairs Minister S. Jaishankar discussed with his Russian counterpart, Sergey Lavrov, during his recent visit to Moscow, according to official sources.

“Some modifications with regard to payments are expected following the visit. Both sides are working towards a solution,” an official source said. Mr. Jaishankar was in Moscow earlier this week where the war in Ukraine was top on the agenda.

A defence source said that ‘milestone’ payments which were to be made as per delivery timelines had been delayed.

In some cases, while deliveries had been made by Russia, the payments were yet to be cleared, it has been learnt.

Rupees accumulating

It has been learnt that rupee-rouble payments are not solving the issue as rupees are accumulating on the Russian side due to the trade imbalance. Since the war in Ukraine and Russia’s ouster from the SWIFT system, while smaller payments have been happening in the last few months, there are issues with larger payments, another official source stated. Goods have been shipped but payments have been held up, as Russia tries to meet timelines, which have seen some slippages with the continuing war in Ukraine.

Russia has emerged as India’s largest supplier of oil for the month of October, according to latest figures, overtaking the traditional suppliers Saudi Arabia and Iraq.

With Russia being shut out of the global SWIFT system for money transfers, India and Russia have agreed to conduct payments through the rupee-rouble arrangement after trying Euro as well. With several big-ticket deals including the S-400 and stealth frigates under implementation, large volume of payments are to be made. Central banks of the two countries have been discussing ways to overcome the impasse.

As reported by *The Hindu* , speaking at the Army-2022 expo in Moscow in August, Dmitry Shugaev, Director of the Federal Service for Military-Technical Cooperation (FSMTC) of Russia, said Russian exporters of military products today were operating in a new reality and payments for defence deals in U.S. dollars and Euro had been reduced to a minimum and they were adopting various measures to offset impact of sanctions, including switching to payments in national currencies.

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