



Rupee pact with Iran to aid pharma exports

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Half of amount credited by Indian firms for oil could be utilised by Iran for pharmaceutical purchases

- The Indian pharma industry now has an opportunity to increase exports to Iran, following a rupee payment mechanism agreed upon recently by India and the Persian Gulf nation.
- Under the agreement, Indian refiners make payments in rupee for oil imports from Iran, to designated accounts maintained with UCO Bank.
- A portion thus received is to be used by Iran to pay for imports from India, including pharmaceuticals.
- With a cloud of uncertainty hovering over continued pharmaceutical supplies from Europe in the wake of the U.S. sanctions against Iran, the Indian pharma industry could explore opportunities to step up exports.
- The U.S., had in May last year, come out from a nuclear accord with Iran and re-imposed sanctions.
- The rupee payment agreement came within weeks of the sanctions to cover oil imports from Iran.
- While imposing the sanctions again, the U.S. provided a time window of exemption under which India and a few other countries could continue to import oil for some time, but of relatively less quantity.

On the wane

- Constituting mostly APIs (bulk drugs), Indian pharma exports to Iran have been declining in recent years.
- On replacing European suppliers, it was possible as not all the drugs imported by Iran were innovator drugs.

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