

Iran moots relaunching rupee-rial mechanism to meet India's energy needs

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Mumbai: [Iran](#) has offered to help India meet its energy needs by relaunching rupee-rial trade for export of oil and gas, said Iranian ambassador to [India Ali Chegeni](#). Chegeni said if both the countries resume rupee-rial trade, bilateral trade can touch USD 30 billion.

Iran used to be India's second largest oil supplier but New Delhi had to halt imports after the former US president Donald Trump withdrew from the nuclear deal with Iran and re-imposed sanctions on its oil exports.

"Iran is ready to meet India's energy security needs by launching rupee-rial trade for export of oil and gas," Chegeni was quoted as saying in a statement issued by the MVIRDC World Trade Center, here over the weekend.

He further said "a rupee-rial trade mechanism can help companies from both the countries deal with each other directly and avoid third-party intermediation costs."

It can be noted that New Delhi and Tehran had a barter-like mechanism for trade settlement, wherein Indian oil refiners were paying in rupees to a local Iranian bank and the funds were used by Tehran to pay for imports from India.

This pushed Iran to become the largest source market for crude for India, unseating [Saudi Arabia](#) which used to be the largest supplier.

However, after the US reimposed sanctions, the Indo-Iran trade plunged sharply from USD 17 billion in FY19, to less than USD 2 billion in April-January of the current fiscal.

The envoy further said Tehran is also willing to work closely with New Delhi to revive and find alternative routes for the stalled Iran-Pakistan-India pipeline project for transporting natural gas to India.

India used to import several other products too from India such as urea, petrochemicals, organic fruits, while the Arab nation used to ship in agro commodities, pharmaceuticals, iron & steel and automobiles, clinkers, cement from India.

Iran has introduced a paper-less, electronic multiple visa issuance system for Indians to promote exchange of businessmen, tourists and students, the envoy said.

Earlier this week, the nation's largest oil refiner and marketing company [IndianOil](#) had contracted 3 million barrels of Russian crude and the second largest [BPCL](#) booked 2 million barrels at heavily discounted rates.

Earlier, media reports had said Russia was offering up to 25 percent discount to India.

Since Russia launched the invasion of [Ukraine](#) on February 24, crude that was trading at USD 93 a barrel shot up to USD 130 early March and has since then fallen to USD 100 a barrel.

India is highly dependent on imports for meeting its energy requirements as nearly 85 per cent of its crude oil requirement has to be imported.

Russia is the second largest oil producer, meeting 14 per cent of global supplies.

Iran ready to meet India's energy needs, says ambassador Ali Chegeni

India is highly dependent on imports for meeting its energy requirements



Iranian ambassador to India Ali Chegeni. Tribune file

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Mumbai, March 19

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