

Iran requests India to allow open accounts in multiple banks

Iran has requested the Ministry of Finance and the Reserve Bank of India to allow it open accounts in multiple banks to facilitate better non-oil trade between the two nations. At present, only UCO Bank facilitates transactions with Iran and those are oil related.

India had since July 2011 paid in Euros to clear 55 per cent of its purchases of Iranian oil through Ankara-based Halkbank. The remaining 45 per cent due amount was remitted in rupees in accounts Iranian Oil Company opened in Kolkata-based UCO Bank.

According to Iranian Ambassador to India, as the UCO Bank account deals with only oil transactions, the Persian Gulf nation needs to open accounts in different banks for better non-oil trade between two countries. Iran want to remove the monopoly of UCO Bank. This is why it is looking for diversifying its banks and make business more competitive. Definitely it would be in the benefit of Indians as well as the Iranians.



Disclaimer: The views above expressed are purely based on personal opinion and may differ from future market trends. Any query regarding the commodity updated in this mail or any other Agri Commodity can be reported to us via mail at the given contact details.



Opinion

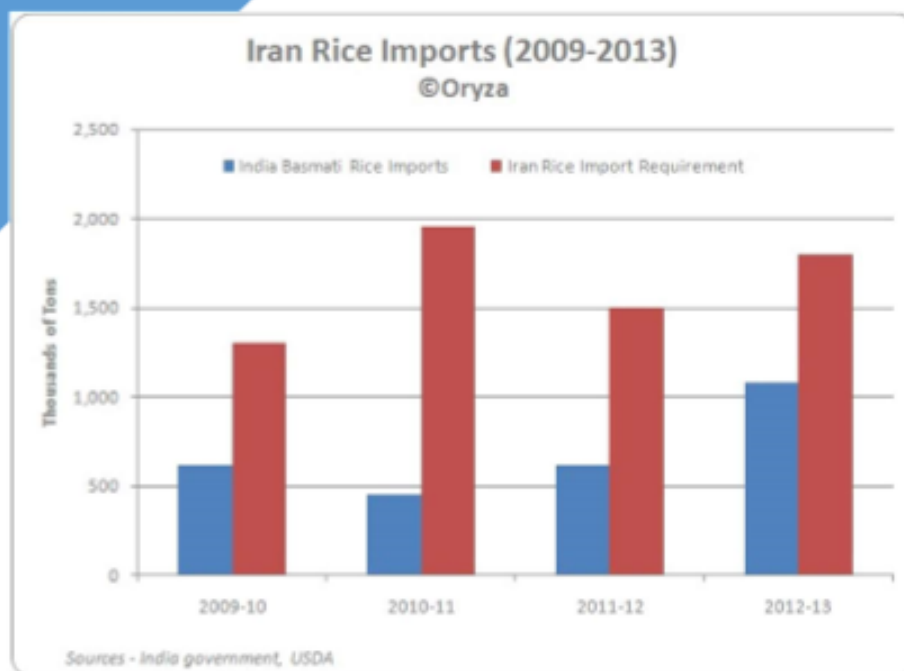
Request of Iran for opening of multiple accounts for transactions may further strengthen the trade between two countries for non-oil trade. We have to see, how this issue take development in future.

India had slashed import of crude oil from Iran by over 26.5 per cent in the financial year ended March 31, 2013 as US and European sanctions made it difficult to ship oil from the Persian Gulf nation. Exports from India to Iran are increasing year-on-year, leading to healthy balance in the trade.

\$5 billion worth of rupees have accumulated with the National Iranian Oil Company. India has to step up its exports to Iran, to run these down. Increasing exports to Iran in general could reduce, if not completely offset, the need to make payments in hard currency for oil imports.

Iran Nuclear Deal May Hurt India Basmati Rice Exports

Indian rice exporters are bracing up for higher competition in the key rice import market, Iran, which was increasingly relying on Indian rice exporters due to western sanctions since 2011. Indian rice exporters say the equations have changed since western powers agreed to relax trade sanctions on Iran earlier this week. India was one of the few countries to have a barter trade system and other payment mechanisms with Iran, which helped India to import oil and export rice and other items to Iran. This led to a surge in India's basmati rice exports last year, and Iran quickly overtook Saudi Arabia and the U.A.E. to become the largest buyer of Indian basmati rice in 2012-13.



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ARYA Opinion

In our earlier news letter, we have opined that prices of Basmati paddy may remain firm. However, the nuclear deal between western powers and Iran may weaken the Indian advantage by eventually allowing free trading in US dollars if Iran dismantles its nuclear program in six months. The move will benefit other rice exporters such as Thailand and Uruguay. Pakistan, which is the only other major basmati rice producer in the world and also neighbours Iran, stands to gain the most.