

RUPEE PACT WITH IRAN TO AID PHARMA EXPORTS

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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.

“Indian pharma exports to Iran were at \$124.05 million last fiscal. Iran has a well-established pharma industry that meets 80% of the country’s requirement. The remaining 20% is met predominantly through imports from Europe,” said Ravi Uday Bhaskar, director general, pharmaceuticals export promotion council of India (Pharmexcil).

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, he emphasised. 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.

Pharmexcil, in a circular, intimated its members recently about the agreement under which 50% of the amount credited by Indian oil companies could be utilised by Iran for making payments to Indian exporters of goods and services. These funds may also be used for settlement of payments to Indian exporters for transactions that took place prior to operationalisation of the arrangement.

On the wane

Constituting mostly APIs (bulk drugs), Indian pharma exports to Iran have been declining in recent years.

From \$180.50 million in 2015-16, pharma exports to Iran fell to \$160.33 million in 2016-17. Mr. Bhaskar said Indian drug makers ought to eye a bigger pie in Iran’s \$1.3 billion generic market.

On replacing European suppliers, he said it was possible as not all the drugs imported by Iran were innovator drugs.

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