

## **Iran asks India to clear \$6.5 billion oil dues within 2 months**

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**New Delhi:** Iran has asked India to pay within two months \$6.5 billion in past oil dues, partly in rupees and rest in dollars or euros, a top official said.

"The payment will be in at least three installments. The modalities of installments and the route are being worked out," he said.

The dues to Iran on crude oil that refiners buy have accumulated as Western sanctions blocked payment routes since 2013.

About 45% of the oil import bill is paid in rupees in a Uco Bank branch and the rest has accumulated.

The official said the payment to Iran can be either through Reserve Bank of India (RBI) - in that case refiners will hand over the money to the central bank which will then do the onward transmission to Iran, or through a gateway notified by the government.

"Part of the payment in US dollar or euro and part in Indian rupees," he said adding Iran will open a new account with one of the Indian banks for receipt of the rupee payment.

Iran will use the rupee payments to settle bills for goods and commodities it imports from India.

The official said the new account will be different from the Uco Bank account which is a non-interest bearing account.

"They want the payments to be made to an interest-bearing account."

Since February 2013, refiners like Mangalore Refinery and Petrochemicals (MRPL) and Essar Oil have been paying 45% of payment due on purchase of crude oil from Iran in rupees through Uco Bank, Kolkata.

The remaining has been accumulating, pending finalisation of a payment route and mechanism. They had last year paid nearly \$3 billion in six installments through a limited payment channel following start of nuclear talks between the Western world and Iran.

The outstanding has since climbed to over \$6.5 billion.

Essar Oil owes \$3.34 billion, MRPL (\$2.49 billion) and Indian Oil Corp (\$581 million) to Iran. HPCL-Mittal Energy Ltd (HMEL) owes \$97 million and Hindustan Petroleum Corp Ltd (HPCL) another \$29 million.

Besides, about Rs 17,000 crore was lying in Iranian account with Uco Bank.

Last week, Finance Secretary Rajiv Mehrishi had told PTI that India is willing to clear the \$6.5 billion in past oil dues and modalities are being worked out.

"What is due to them, must be paid to them. It will not be one single bullet of \$6.5 billion. It will be (in) tranches. They also don't want as bullet, they also want it in some kind of tranches. So we are working out with Iran," he said.

Mehrishi, who had late last month, led a high-level delegation to Iran to discuss payment options, had indicated that the payments can be in a combination of US dollar or euro and Indian rupees.

"It will obviously be partly in dollars, partly in rupee. It could be euro also. Partly hard currency, partly rupee. Exact division is yet to be decided," he said when asked about the mode of payment gateway.

Iran and six world powers last month sealed an accord to curb the Islamic Republic's nuclear programme in return for ending sanctions.

Lifting of sanctions have opened up banking channels and Tehran is likely to seek past oil dues.

- PTI